Daily Report

Latin America

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Cuba's Amaro, Espin Speak at Crime Conference

FL3008022990 Havana Television Service in Spanish 0000 GMT 30 Aug 90

[Excerpts] Today, the third day of the Eighth UN Conference on Crime Prevention and Rehabilitation, was a very active day. The three committees and regional work groups met today. Cuba participated extensively in this international meeting, which is being attended by more than 1,000 international specialists.

At the conference, Cuban Attorney General Ramon de la Cruz Ochoa discussed the principles on which Cuba's legal-penitentiary system is based.

[Begin de la Cruz recording] A policy has been established in our country that includes all the factors involved in the application of penal justice and the prevention of crime. The operation of this is associated with common objectives and based on coherent criteria in regard to the penal system inspired by the principles and directives of the United Nations. For example, the penal code, in force since April 1988, has primarily focused on adjusting penal and criminal categories. About 28 percent of the behaviors that were previously considered to be criminal were thus excluded from sanctions. The code reduced the limits on prison sentences, established new sanctions to replace prison sentences, and expanded the use of fines as an alternative in more than 60 percent of the crimes that can receive a sentence of up to five years, thus offering judges more possibilities for handing down a sentence appropriate to the case and the personal characteristics of each defendant. [end recording] [passage omitted]

Regarding crime prevention, Vilma Espin, secretary general [as heard] of the Federation of Cuban Women [FMC] and chairperson of the crime prevention commission, said that prevention is something that interests everyone. She cited the case of the FMC, which has more than 80,000 members who have volunteered to work on crime prevention and social problems. She recalled how in 1959, we had difficulties similar to those in other countries, and we became aware of how necessary it was to make progress. We also have problems now, she said, but they are very different. The only way to prevent crime is to ensure the right to health, education, and social security.

Rodriguez Meets With UN Representative

FL2908233990 Havana Radio Rebelde Network in Spanish 2303 GMT 29 Aug 90

[From the "Exclusivo" program]

[Text] Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, this morning received (Toyen Blanca), general director of the UN Economic Development and Cooperation Commission and UN Secretary General Javier Perez de Cuellar's personal representative to the Eighth UN Conference on Crime Prevention and Rehabilitation.

During the meeting, the two officials discussed the progress of the congress, as well as various aspects of international affairs, especially the Arab Persian Gulf.

Arms Ship Linked to Cocaine Trafficking

FL2808180190 Bridgetown CANA in English 1454 GMT 28 Aug 90

[Report by Colin James]

[Text] St. John's, Antigua, Aug 28, CANA—The ship which transported Israeli weapons to Colombia through Antigua was captured by the Mexican authorities last year with two-and-a-half tons of cocaine, a lawyer told an Antiguan Government inquiry into the arms transshipment.

On August 15, 1989, four months after the Antiguan transaction, the "Seapoint" was detained and "its captain and seven members of the crew from Antigua now languish in a Mexican jail," lawyer for the inquiry Geoffrey Robertson said.

As the second stage of the inquiry by British lawyer Louis Blom-Cooper began Monday, Robertson said the "great mystery" of stage one to be solved in stage two, was "why the Seapoint suddenly sails into the picture on April 13, 1989, ten days after weapons were due to arrive in Antigua."

"All the documentary evidence suggests that the weapons were intended to come into this country, not to leave it immediately," he told the inquiry at a Moravian church hall jam-packed with spectators.

Noting that the original plan was to set up a "school" for terrorists trained by Israeli mercenaries and also to train Antigua's Securitry Forces, Robertson said for some reason at a very late stage everything had to be changed.

"A plot which had up to then been carefully and cunningly laid was disrupted and altered and there was a flurry of hastily ill-executed activity at the last moment with obviously falsified invoices and forged documents," Robertson said.

"We will hope to solve this mystery and clear up the truthful questions of responsibility during this stage of the inquiry that has attracted considerable regional and international interest," he said. [passage omitted]

Robertson said that stage two of the probe "will assess the responsibility of individuals and of governments for placing a large consignment of deadly weapons in the hands of assassins working for the Medellin drug cartel." He said based on information he received from Colombia's Public Prosecutor that a number of the weapons are believed still to be in the hands of forces working for the drug cartels.

Former Vere Bird Aide Testifies

FL3008030890 Bridgetown CANA in English 2342 GMT 30 Aug 90

[Excerpt] St John's, Antigua, Aug 29, CANA—A former aide to Antigua's dismissed Works Minister Vere Bird, Jr., Wednesday told an inquiry into an illegal Israeli arms transshipment to Colombia that he heard Deputy Prime Minister Lester Bird tell his brother "We are in deep (mess) now" after the Colombians sent a diplomatic note to St. John's on the affair.

Geoffrey Harley, one-time personal aide to Bird, Jr. said he overheard a telephone conversation between the brothers. Harley also told the inquiry that it was he who contacted Vere Bird, Jr., informing him that the deputy prime minister, Lester Bird, wanted to speak to him. He said it was during a car telephone conversation, which he (Harley) heard on the car speaker system, that Lester Bird said, "Oh God we are in deep sh.. now"—a reference to a diplomatic note from Colombia. Harley said he accompanied Vere Bird, Jr. on a 1988 visit to a Miami meeting with Israeli Maurice Safarti who is a key figure in the arms transshipment. He said he was present for that 20-minute meeting, but was not made aware of what was discussed.

Another witness, Micha Peretz, former manager of Safarti's melon farm in Antigua, said that in a discussion the two had after the scandal broke, Safarti told him "he only did the paper work in the transaction between the government and Israeli Military Industries (IMI), and that very soon the papers will carry the true story."

The commission of inquiry is into its second stage, as British jurist Louis Blom-Cooper is probing how arms, which were sent to the Antigua Defence Force in April 1989, ended up in the hands of Colombian drug lords.

The Antiguan Government has denied it ordered the arms. [passage omitted]

Cuba

Commentary Notes Fuel Shortage Problems

PA2908214990 Havana International Service in Spanish 0000 GMT 29 Aug 90

[Commentary by Roberto Morejon]

[Text] The fuel shortage in Cuba, most noticeable in the lines of cars parked near gasoline stations, necessarily has an impact on many areas of the country's economy. Lacking natural resources, this country is almost entirely dependent on foreign oil supplies provided through long-term agreements signed on a periodic basis with the Soviet Union. The internal changes in that nation and the economic difficulties it is experiencing have had an impact on its shipment of hydrocarbons to the island.

The changes in Eastern Europe, chiefly with regard to its transformation into a market economy, alter all its ties abroad, Cuba included. To have an idea of this situation, we must note that 70 percent of Cuba's trade is conducted through the exchange of technology and products with the Soviet Union. Over 24 million tons of machinery, raw materials, and products are part of the yearly movement in both directions, averaging six to seven ships per day. Economic cooperation based on fair exchange has risen 52 times since 1960, with over 600 projects implemented or rebuilt in Cuba with Soviet assistance.

As a result of this integration, several cooperation agreements were signed in recent years, enabling Cuba to receive financing under favorable terms to develop over 200 economic and social projects. In light of these figures, one can understand that any abnormality in cooperation causes Cuba inevitable difficulties. Some of them have been noticed in recent months because of delays in Soviet oil deliveries.

The lack of a readily convertible currency prevents the Cuban government from purchasing on the international market the amount of hydrocarbons it needs. At any rate, the Soviet Government has assured Cuban authorities of its interest in maintaining its preferential treatment for, and in keeping its commitments to, Cuba.

Union Official Cited on TV Marti Issue

FL2908185290 Havana Radio Rebelde Network in Spanish 1100 GMT 29 Aug 90

[Text] The decisions reached by the Administration Council and the Frequency Registration Board of the International Telecommunications Union, UIT, regarding the anti-Cuban television station are still in effect and should be implemented. This was stated in Geneva by (Rene Fontaine), spokesman for UIT. (Fontaine) reiterated the validity of the measures adopted last June. The measures declared illegal the U.S. plan to beam television signals to Cuba and urged the United States to cancel them.

The spokesman made the statement after his organization was asked about the decision reached by U.S. President George Bush to go ahead with the transmissions of the so-called TV Marti. Yesterday, the White House announced the continuation of the channel operated by the U.S. Information Agency and the availability of $16 million for the station's operation during fiscal year 1991.

The tele-aggresive operations beamed from a military base in southern Florida started suddenly before dawn on 27 March, taking over channel 13 of the Cuban radioelectronic spectrum, but the signal was blocked relatively easily by Cuba.

The Frequency Registration Board, presided over by Canadian citizen Gary Brook, stated last June that TV Marti violates the UIT international rules and agreements and urged the United States to eliminate that interference from the Cuban telecommunications spectrum. The decision was ratified by the international organization's Administration Council.

(Fontaine) added that the UIT is now waiting for a protest from Cuba. This is the action to follow regarding the violation of international rules since Cuba is a UIT member.

Telecommunication Station Inaugurated in Havana

PA2908232390 Havana International Service in Spanish 0000 GMT 14 Aug 90

[Commentary by Isis Maria Ayen]

[Text] Hello friends. A satellite telecommunication land station has been inaugurated in Havana. It will allow us to reach approximately a hundred countries. The new station has been assigned to tourism, the diplomatic corps, and commercial firms and agencies. The station was manufactured in Italy and features a modern digital system with 24 telephone channels and approximately 200 trunk lines. The station was installed with the cooperation of ITALCABLE [not further expanded] and is the second station of its type to be installed in Cuba. A similar station is already operating in Varadero and others will be installed in Cayo Largo, Holguin, and Santiago de Cuba in October. Cuban Communication Minister Manuel Castillo Rebasa has stated that the new station will increase the number of channels available to the general public.

[Begin Castillo recording] The station will make more lines available to tourists and will also release the lines previously used by this sector to the general public. The new station will ease the congestion of telecommunication lines and our citizens will be able to communicate quicker with foreign countries. [end recording]

Cuban and Italian technicians installed the new station in only 45 days. This is my report for today. Thank you for your attention.

Medical Cooperation With Nicaragua Stressed

PA2908232290 Havana International Service in Spanish 0000 GMT 22 Aug 90

["Note" segment by Roberto Morejon]

[Text] Greetings friends. Everyone knows that there are different outlooks in the Nicaraguan and Cuban Governments since the inauguration of a pro-U.S. Nicaraguan president.

The principles of Cuban foreign policy and Cuban solidarity with its Latin American neighbors, however, lead our country to promote ties with continental Latin America regardless of disagreements. Nicaragua is no exception.

Even though Cuba has reduced its bilateral ties with Nicaragua since the end of the Sandinist government, the Cuban Government has expressed its willingness to maintain economic and health ties with Sandino's homeland if Nicaraguan President Violeta Barrios considers it advisable.

Responding to a Nicaraguan request, Cuba has urgently sent a medical brigade to Nicaragua to help the victims of the floods that occurred along the Atlantic coast last July. The group traveled to Nicaragua only 72 hours after Nicaragua presented its request to our country and arrived at its destination along with 12 tons of medicine and sanitation material.

The Cuban doctors recently concluded their work along the Nicaraguan Atlantic coast after having spent a month there. The region's population assessed the Cubans' stay in a positive manner.

According to sources in the region, the Cubans were the only ones who provided a significant amount of food and medical assistance to the victims of the floods. A few days ago, a Cuban ship arrived in Puerto Cabezas carrying over 1,000 tons of food, including rice, beans, sugar, flour, cooking oil, and condensed milk.

In addition, the Cuban Civil Aeronautics Institute authorized Nicaraguan Aeronica Airlines planes to cross Cuban airspace after the airline met the necessary requirements for use of that air corridor.

The aforementioned examples show the Cuban Government's interest in maintaining friendly relations with all Latin American and Caribbean governments.

Oramas Attends DPRK Anniversary Ceremony

FL3008024990 Havana Television Service in Spanish 0000 GMT 30 Aug 90

[Text] The 30th anniversary of the establishment of relations between the DPRK and Cuba was marked today with a ceremony in Pyongyang that was attended by DPRK Vice President Yi Chong-ok, Foreign Minister Kim Yong-nam, and First Vice Premier (Kim Yay Yong).

In his remarks, the DPRK foreign minister condemned the radioelectronic war the United States is waging against Cuba, and he described it as a true challenge to the integrity and sovereignty of nations.

For his part, Cuban Vice Foreign Minister Oscar Oramas, who participated in the ceremony in Pyongyang, stressed the high level of bilateral ties and expressed Cuba's support for the peaceful reunification of the Korean Peninsula.

PCC Official Attends Ceremony

FL2908235390 Havana Radio Rebelde Network in Spanish 2305 GMT 29 Aug 90

[From the "Exclusivo" Program]

[Text] The mutual support in the construction of socialism between Cuba and the DPRK was stressed by Jesus Montane Oropesa, member of the Central Committee of the Communist Party of Cuba [PCC]. During a ceremony marking the 30th anniversary of bilateral relations, Montane Oropesa reiterated Cuba's support for the DPRK's goal of attaining peace in a reunified nation.

At the conclusion of the ceremony, Jesus Montane thanked the DPRK party, people, and Government for the solidarity and support they have always expressed for the Cubans' cause of defending their sovereignty and independence.

Inter-Caribbean Affairs

Environmentalists To Meet in St. Lucia

FL2908174790 Bridgetown CANA in English 1712 GMT 29 Aug 90

[Text] Castries, St. Lucia, Aug 29, CANA—A number of critical issues affecting the environment will be discussed when the 24th annual congress of the Caribbean Conservation Association [CCA] convenes here Thursday. More than 150 participants from the Caribbean along with representatives of leading environmental organisations around the world are arriving here.

Yves Renard, outgoing president of the Barbados-based CCA, told CANA that delegates would consider a number of technical issues such as aspects of land use planning, heritage tourism, and the role of the media in environmental awareness. Renard said that particular attention would be paid to tourism development and the preservation of the environment.

"The CCA is concerned that tourism development must take place in harmony with efforts to perserve the environment. It does not have to be destructive but very often it is and this will be dealt with from both sides," Renard said.

The organisation was founded in 1967 with the objective of conserving the Caribbean region's natural resources and

cultural heritage. Though it is a non-governmental organisation 19 governments of the region including the Commonwealth Caribbean, the French and Spanish territories, and the United States Virgin Islands are members.

The CCA official said it is expected that the congress would attempt to define the priority environmental issues confronting the region and delineate a strategy for conservation as the region enters the decade of the 90's.

Dominican Republic

HOY Notes Foreign Debt Conversion Transactions

FL2908175090 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 29 Aug 90

["Today's Topic" commentary]

[Text] On the front page of today's issue, the newspaper HOY continues with the subject of Dominicans who have bought part of the Republic's foreign debt with their own dollars. In this regard, Mr. (Francisco Checo) repeats an important statement from the Dominican Association of Economists, Codeco. Mr. (Checo) says that it would be good to investigate the origin of the dollars that have been used for this commercial operation, based on the assumption that these dollars may be the result of insufficiently monitored hard currency allocations, which are then used for these anti-Dominican purposes.

The fact is that, seen from the most benign angle, this operation causes the country's foreign debt to increase in value, when the tendency is for it to decrease, and this decrease benefits the Republic. The subject is extremely important, because it means that the country is being pressured in the name of a foreign debt that is no longer foreign but is in the hands of Dominicans, who receive the lucrative and painful interest payments made directly or indirectly by the Dominican people.

We think that this matter should be carefully studied, with a view to invalidating these operations which, if they become debt conversion transactions, could allow substantial national resources to pass into private hands through an operation that is essentially damaging to the nation's interests. In sum, those who purchase the country's foreign debt on the international market are acting against the country, the Dominican people, and the nation as a social entity involved in the common good. It is as simple as that.

Haiti

FNCD Position on Current Government, Elections

FL2908160390 Port-au-Prince Radio Antilles Internationales in French 1730 GMT 27 Aug 90

[Excerpts] National Front for Democracy and Change [FNCD] spokesman Turneb Delpe thinks the current government is illegal and should resign. Questioned about the divisions within the democratic sector regarding the presentation of an alternative, Delpe said he thinks there are means to overcome this obstacle. He does not think the current provisional government can lead the country to elections, and he regrets that the necessary conditions have not been created for the holding of free and honest elections. Let us listen to Turneb Delpe.

[Begin recording] [Delpe] [Passage omitted] We think the people must continue to mobilize and await our alternative, which will be forthcoming very soon, so that we can make the lady go away and give this country the opportunity to set up the necessary conditions for arriving at proper elections. [passage omitted]

We are not going to elections. This is clear. We have already said it. We are not going to elections with Mrs. Ertha Trouillot as president.

[Reporter] You spoke of a large consensus among the different sectors. Has the Assembly for Concerted Action already contacted the Haitian Armed Forces?

[Delpe] Well, there are a lot of activities that are supposedly going on and I think the press will be informed very soon of what approach will be used; and regarding the steps that must be taken, it is clear that we will consider this sector in this approach. [end recording] [passage omitted]

Jamaica

Negotiators Reject Government Wage Offer

FL2908231790 Bridgetown CANA in English 2249 GMT 29 Aug 90

[Text] Kingston, Jamaica, Aug 29, CANA—There is unrest among Jamaica's police, as well as telecommunications and Central Bank workers over stalled wage negotiations with the government.

Negotiators for Jamaica's 6,000 police walked out of wage talks Wednesday after rejecting the 12.5 per cent increase offered by the Public Service Ministry. The offer is equal to the ceiling set by the International Monetary Fund (IMF) with which the government has economic assistance agreements.

At the Jamaica Telephone Company [JTC], approximately 2,000 workers who were on a work-to-rule since Monday over salaries, promised to resume normal duties on Thursday morning and await the outcome of a meeting with the management of the company on Friday.

Wage talks on behalf of the workers at the island's Central Bank have also been deadlocked. The Bustamante Industrial Trades Union, which represents workers at the Bank of Jamaica, said that unless there was an improvement in the wage offer, normality could not be guaranteed.

Inspector Claude Samuels, chairman of the Police Federation, told CANA that the ministry had offered the security men nothing beyond the 12.5 per cent on salaries since wage negotiations started in June. He said some modification had been made to the offer on emoluments. This new offer is to be studied by a delegates' council and the decision taken will be taken to the ministry Thursday afternoon.

When the claims were first presented, Dr. Jean Marshalleck, permanent secretary in the Public Service Ministry Public Service [as received], said the federation had submitted "extraordinary claims."

The main grouse of the telephone company workers is that their salaries should be brought on par with similar categories at sister company, Jamintel, the international telecommunications company. Both Jamintel and the JTC were joined to form Telecommunications of Jamaica Limited (TOJ) two years ago.

A telephone company spokesman said the work-to-rule by its employees had not affected its operations in any serious way. But Clive Dobson of the National Workers Union which represents the employees, pointed to customer complaints as indicating there were adverse effects on operations.

Under the work-to-rule, employees do not work overtime, refuse to drive vehicles that have not been properly repaired, and technicians do not climb utility poles to effect repairs without adequate equipment.

Country Seeks To Sell Bananas to Czechoslovakia

FL2908163390 Bridgetown CANA in English 1525 GMT 29 Aug 90

[Text] Kingston, Jamaica, Aug 29, CANA—Jamaica is holding talks with Czech authorities with a view to sell that European country bananas, managing director of Jamaica Banana Producers Association, Dr. Marshall Hall has said. While acknowledging that the talks were taking place on selling Czechoslovakia grade two bananas, Hall declined to go into the specifics of the deal being worked out.

Hall told CANA that a target of 65,000 tonnes of grade one fruit had been set for the United Kingdom market for this year, but said the industry was capable of producing effeciently up to 150,000 tonnes of the fruit for the U.K. market.

Jamaica's agriculture minister, Horace Clarke indicated earlier this year that by the time the single European market comes into being after 1992, Jamaica would be ready not only to supply Britain but had already set its eyes on the wider Western European market.

Belgian Embassy Closed for 'Budgetary Reasons'

FL2908161790 Bridgetown CANA in English 1522 GMT 29 Aug 90

[Text] Kingston, Jamaica, Aug 29, CANA—Belgium is closing its embassy in Kingston on August 31—the second country in two weeks to announce it is closing its mission here at monthend. An advisory from the Belgian Embassy cited "urgent budgetary reasons" for its decision. Last week the Haitian Embassy in Kingston announced that it would be closing at the end of the month for economic reasons.

The advisory from the Belgian Embassy said the move was part of a series of cuts which would also see the closure of one mission each in Africa, Latin America, and Asia, two in North America and three in Europe. An administrative attache will be available until the end of September to attend to urgent matters, and after that period, the embassy in Venezuela will have jurisdiction for the region. Mrs. Liliane Kumst, a Belgian citizen resident in Jamaica has been appointed honorary counsel effective October 1.

In the case of Haiti, it was not stated whether an honorary counsel would be appointed or who would represent Haiti's interests in Jamaica.

*** Government Responses to Critics Condemned**

*** Castaneda Faults Office**

90CA0093 Mexico City PROCESO in Spanish No. 712 25 Jun 90 pp 8, 10-13

[Article by Manuel Robles]

[Text] The government has created a climate of intellectual harassment, which represents the troubled waters in which unknown forces are operating in the country, says investigative reporter Jorge G. Castaneda, who has received death threats.

Castaneda, a contributor to PROCESO, sees "three important trends" in explaining the reasons why attempts have been made to intimidate him:

"The first, which is very worrisome and is perhaps the one that has the most to do with this, is that in recent months the Press Office of the Presidency of the Republic has violated a sort of unwritten rule of Mexican politics, which is that the president must not have direct enemies. There may be critics, there may be people who annoy, who bother him. But there must be no enemies of the president. Why? Because in this country, given its customs, if anyone is identified as an enemy of the president, there will always be someone who will want to do him a favor by silencing, eliminating, intimidating, or weakening that enemy. Or else there may be someone who wants to hurt the president by attacking his presumed enemies so that the blame falls right on the presidency. So then, people close to the president, not he, people from the Directorate of Social Communication of the Presidency have in various ways over the past five or six months begun to designate me and people like Lorenzo Meyer and Adolfo Aguilar Zinser as enemies of the president."

The second trend is that the State security apparatus is getting out of control and operating with impunity, while the third is the stigmatizing of everything that smacks of Cuauhtemoc Cardenas.

Castaneda received a death threat on Friday the 15th. On that day his secretary, Mariana Rodriguez Villegas, was intercepted by four individuals riding in an aquamarine Topaz; it was a "first attention getter" (PROCESO No 711).

After Castaneda made the incident public and filed a complaint with the PGJDF [Federal District Attorney General's Office], President Salinas de Gortari spoke to him over the phone from Tokyo, where he was at the time, and sent a letter to the editor in chief of LA JORNADA, Carlos Payan, in which he denounced the intimidation of Castaneda, "whose intellectual and journalistic work we fully respect."

Castaneda expressed appreciation for the presidential phone call "as a gesture of institutional concern and friendship." He also said: "He expressed to me his dismay over what had happened and his commitment that what was necessary to clear up the facts would get done."

In turn, Mayor Manuel Camacho Solis gave instructions to establish a "permanent watch" in the zone, with the investigator's consent, and also sent a letter to LA JORNADA in which he asserted that "the enemies of the government are not the people who from democratic perspectives maintain critical positions, but rather those who from authoritarian viewpoints endeavor to prevent such positions from being expressed." And the attorney general for the Federal District, Ignacio Morales Lechuga, appointed a "special prosecutor": Javier Sanchez Navarro.

Four days later, however, on Tuesday the 19th, Castaneda's secretary was again intercepted in her car at the corner of Patriotismo Avenue and Goya Street, two hours after she had left the PGJDF, where she had gone to look through albums of photographs of members and former members of the Judicial Police. One individual, who pulled her by the hair, threatened her if she went back to the PGJDF:

"If you keep going back there, you and your boss are going to be in trouble. There's no reason for you to say anything. Your boss is a jerk....Things get done quickly; the guy you identified is already far away...."

According to a complaint that Castaneda filed with the DF attorney general, his secretary was able to identify an individual who bears a "striking" resemblance to a composite drawing by experts during the investigations into the first incident. She described a man about 30 years of age, 5 foot 11, wearing a tie, who asked her several questions about the investigative reporter.

In a letter to Attorney General Morales Lechuga, Castaneda demanded that "the investigations be carried to their logical conclusion, that the perpetrators and masterminds of the threats be found, and that the climate of harassment and intimidation end once and for all." He asserted that this new incident "aggravates matters seriously," indicating that "there are major possibilities of leaks and complicity within the State security apparatus."

In an interview with PROCESO in his office at home Castaneda admitted to being "worried and nervous" in light of events and the watch being kept in the area.

Wearing a shirt and tie and answering the phone constantly, the investigative reporter cited another "important reason" for what was going on:

"There is a real problem of impunity and lack of control of the State security apparatus in Mexico. This is a problem the dimensions and consequences of which we do not know and whose roots, which are obviously serious, we barely know. What am I talking about? And this isn't a charge that I'm making. I'm talking about the problem of the Federal Judicial Police and the problem of Javier Coello Trejo, who having been entrusted with

the mission of waging at all costs a so-called war on drug trafficking, having been given resources, arms, and men, has become a real monster in this entire police force, which at the same time, is a repressive apparatus. The Federal Judicial Police or the narcotics division of the Federal Judicial Police is operating with the sort of impunity that has not been seen for a long time in Mexico.

"They might be effective in the battle against drug trafficking, though I'm not convinced of that. The evidence of greater effectiveness that they cite I find far from persuasive; they display what are supposed to be packets of cocaine every week on TV. I'm not sure that they're really more effective. Even if they are relatively more effective, and there really isn't any reason to doubt this—I'm just saying that it hasn't been proven—the cost is turning out to be extraordinarily high in terms of human rights violations, in terms of image problems overseas, in terms of politicizing regional problems, which did not used to have a political aspect, and in terms of a feeling of insecurity in society, which is already going beyond the scope of drug trafficking and human rights and is becoming a very important problem."

He goes on to say that this is giving rise "to battles between the police apparatuses" in spite of the attorney general's and Mayor Camacho Solis' efforts, which are real, albeit "inadequate, still incipient" to "clean up" the Judicial Police in the DF. In the midst of this situation another sort of problem is being created, the shootouts between the DF Judicial Police and the Federal Judicial Police, not to mention the problem in the Interior Secretariat, which was practically disarmed when during the previous presidential term it lost the Federal Security Directorate and now the Directorate for Political and Social Investigations.

Impunity and Lack of Control

He explains:

"I really don't know whether what has happened has to do with the Federal Judicial Police or the DF Judicial Police. There's no way to know. But what I do know is that this climate, together with impunity and lack of control, lends itself greatly to incidents such as this. Perhaps the most interesting thing about this incident is that its effects are turning out to be more important than its causes. The main thing here is that my problem, which is not that serious for now, is part of a pattern: Norma Corona, Leonel Godoy, Aguililla, and all of the cases mentioned in the Americas Watch report. Yet none of these cases had received the publicity overseas that they are getting now.

"The incident involving me has shone the spotlight on the other cases, most of which are more important."

Furthermore, "there is a third and very important factor in all this: the problem of stigmatizing the non-PAN [National Action Party] opposition, particularly anything that smacks of Cuauhtemoc Cardenas. You can't condemn this important a segment of the population, of public opinion, of the political forces and then not expect it to have such effects. Why are people like Deputy Leonel Godoy or Cuauhtemoc Cardenas' son being assaulted? Because the presidency, the government, the regime is stigmatizing anything that smacks of Cuauhtemoc Cardenas."

"Are you a member of the PRD [Party of the Democratic Revolution]?"

"No. I was not involved in its formation; I didn't sign call for the creation of the PRD. My ties with the PRD are practically nonexistent. I consider myself a friend of and sympathizer with Cuauhtemoc Cardenas. I see him often, though not as frequently as I would like. I agree with him on many points. On some minor points I disagree with him. And I feel that in a situation in which the country's political forces are highly polarized, it is tremendously difficult to remain neutral, independent. I think that it's almost impossible in Mexico today for someone who has an opinion, who writes, who talks, who has a public political involvement to remain neutral. I tried to do so as best I could. But the things that I have been fighting for for many years are very similar to the banners that Cardenas has adopted in one way or another. And such agreement necessarily leads to an identification, which I not only do not renounce but of which I am proud."

In the opinion of the man who is also a columnist for NEWSWEEK, THE LOS ANGELES TIMES, and the Spanish paper EL PAIS, "Mexican voices that are critical of the regime" and that have some presence or authority "are going to play a complicated role" overseas in the signing of the free trade treaty between Mexico and the United States, in a debate that is going to take place mainly in the United States.

The Salinas administration's urgent need to sign this treaty, he says, "which has been drawn up in a hasty, makeshift, unconsidered manner," will lead to a debate on all aspects of Mexican life. He explains: "Those who are opposed to the treaty with Mexico are not just going to use economic arguments. They are going to use all arguments, such as drug trafficking, corruption, electoral fraud, human rights violations. Some who are in favor will say: Yes, we want to become partners with Mexico, but we don't want to become partners with a corrupt, antidemocratic Mexico in which human rights are violated, a Mexico infected with drug trafficking, not to mention the opponents of the agreement."

"But these critical voices cannot be silenced either, they cannot fail to express the opinions that are not being expressed here. If I'm asked in the United States whether there are human rights violations in Mexico, I have to say that there are violations of those rights, even if it damages the government or the free trade agreement or whatever. If I'm asked in the United States whether there is electoral fraud in Mexico, I have to say yes, because I'm convinced of it. If I'm asked whether there is

corruption, I will say that there is, because there is. Now then, at a different juncture what I and many others might say will not necessarily have much impact in the United States. But during a major national debate in the United States on whether to form a partnership with Mexico, what we Mexican critics may say does have a different impact. I think that this is an additional factor that must be taken into account to grasp what is happening at present in Mexico in the face of certain critical voices. I think that it is something that has to be taken into account to grasp why the government persists in trying to discredit me and others in the eyes of the media and American academia, by trying to categorize me as a Cardenas man, as a scribe of Cardenas or as a dishonest person, etc."

In this regard, in referring to the "identification" of Meyer, Aguilar Zinser, and himself as "enemies of the president," the investigative reporter cites "various examples": the case of Romeo Flores Caballero, the secretary of international relations of PRI [Institutional Revolutionary Party] and former Mexican consul in Los Angeles, California, who in an article in EXCELSIOR last January accused Aguilar Zinser and Castaneda of being "scribes of Cuauhtemoc Cardenas," and the case of Wayne Cornelius, an American researcher and the director of President Salinas de Gortari's thesis, who in a letter to THE LOS ANGELES TIMES tried to categorize him "as a spokesman of Cuauhtemoc Cardenas, as a plagiarist, as a not entirely honest or honorable person, and as an enemy of the regime."

The Enemies

He goes on to say the following about the letter, which the U.S. paper refused to publish:

"Owing to the publicity that was given to the letter in Mexico, mainly in EL NACIONAL, in the 'Political Fronts' column in EXCELSIOR, which is often identified with the Directorate of Social Communication of the Presidency of the Republic, and in the column by Juan Bustillos, who is also identified with this agency, I, Meyer, and Aguilar Zinser were indirectly, though clearly identified as direct enemies of the president.

"The matter later got out of hand because of the letter that the Directorate of Social Communication of the Presidency of the Republic sent to the magazine NEWSWEEK, a letter signed by Pablo Espresate Eibenschultz. In it he countered the views that I had expressed in a NEWSWEEK article. This is as normal as can be; it is perfectly legitimate, logical, and reasonable for any government to try and refute the criticisms that are voiced of it overseas. Moreover, though, he leveled a series of personal attacks on me, which the magazine refused to publish and which Wayne Cornelius himself, who was mentioned in the letter, asked NEWSWEEK not to publish, inasmuch as Espresate's letter made express reference to Cornelius' letter."

He adds that "with the seal of the Presidency of the Republic" Espresate's letter clearly identified him as an enemy of the president. He goes on to say:

"Given our customs, traditions, and centralization, when a group of people in Mexico are identified in rumor, newspapers, and political circles as enemies of the president, even under normal circumstances, a risk is already being run. Because there is a very great danger that someone will want to serve the president or make a good impression on him by doing something to his avowed enemies. Therefore, the rule is that no one must ever be identified as an enemy of the president. And not because he isn't; in some cases he may be. But it must not be done, because it unleashes forces, dynamics, that could become uncontrollable even under normal circumstances."

Referring to the editorial in the official newspaper EL NACIONAL on the threats against him, Castaneda contends that it runs counter to the statements by President Salinas de Gortari, and in a telephone conversation with me [sic]. He simply calls for the dismissal of whoever wrote the editorial.

Two days after the first threat against Castaneda, on Sunday the 17th, the government newspaper referred to the letter that the investigative reporter sent to LA JORNADA to denounce the incident. The editorial was widely rejected by columnists and media commentators, and the paper was thus forced to "rectify." The next day it said that it had "regrettably lapsed into an inaccuracy" that could give rise to "misunderstandings" about its position "on the regrettable case of the threats against Jorge G. Castaneda."

In its editorial the paper accused Castaneda of being "unfair and contradictory" in holding the government responsible "as a citizen for his security and that of his family," and it underscored that the investigative reporter is involved with the PRD, a party that "regrettably has not joined in the government's climate of concord, to which the majority of Mexicans have responded." It added:

"Anyone who has exchanged views with Castaneda knows of his obsession with passing himself off as a victim of alleged government intimidation, which has always been just a figment of his imagination and that of his inner circle." This remark was even quoted by THE NEW YORK TIMES in its front-page article on Thursday 21 June as an example of the government's inconsistency or lack of control.

It also accused Castaneda of having chosen a political party that "is operating in a climate of violence in which internal discord abounds," further asserting:

"To hold the government responsible for his security or that of his family borders on the absurd, and not because the protection that he is demanding could be denied him, but because of the path down which he is traveling."

Castaneda says that the EL NACIONAL editorial is part of the campaign being headed up by PRI officials, Pablo Espresate, the Directorate of Social Communication of the Presidency, PRI leader Romeo Flores Caballero, Juan Bustillos, and Wayne Cornelius, a campaign that he sees "as part of the real process of democratization that is taking place in Mexico."

He cautions, however:

"When all of this appears in a government paper, when Mr. Espresate associates me in his letter with what he calls murderers of policemen and drug traffickers, a problem is being created for the president and the government; their image is being tarnished in Mexico and outside the country. Who wrote the editorial? When Espresate sent the letter from EL NACIONAL to NEWSWEEK, was he doing it on his own or on instructions from someone else? I don't know. In any event, he is responsible. Let's begin with him. One has to be very careful with the documents that one signs with the seal of the Presidency of the Republic on them, because they could compromise him in the eyes of the national and international media. One shouldn't play around with the seal, with the institution, with the office of president in these matters."

The investigative reporter also thinks that one issue in all this has not been forgotten, one that "goes beyond the scope of the incident itself, to which excessive importance should not be attached either": the issue of the elections on 6 July 1988 and of all the ensuing elections "remains present, has not been forgotten." He comments:

"I don't think that headway has been made in building Mexican democracy, which is absolutely indispensable for the opposition, for the oppositions, the intellectuals, for all Mexicans. And headway has not been made for a great many reasons. Now is not the time to assign blame, to condemn anyone. But perhaps this series of human-rights violations, with the international scandal that it is causing, with the Salinas administration's expressed realization that something is going wrong, could be an opportunity for Salinas himself to try and seek a national reconciliation" and the democratization of the country.

It is an opportunity for the president of the republic himself to promote the sort of true electoral reform that the entire opposition can approve. It is an auspicious moment to really open up the mass media in Mexico, starting with public and private television. It is also an opportunity to usher in a new, modern, civilized, and democratic relationship with the entire opposition.

* Defamatory Campaign Cited

90CA0093 Mexico City PROCESO in Spanish No. 712, 25 Jun 90 p 9

[Article by Carlos Puig]

[Text] Washington, D.C.—The scandal that has broken out over the threats that Jorge G. Castaneda has received and the fact that it has coincided with the Americas Watch report "Human Rights in Mexico: A Policy of Impunity" have left the Salinas de Gortari administration, which is so worried about its overseas image, on which it has spent millions of dollars (PROCESO No 711), in a bad position vis-a-vis this country's intellectual and journalistic circles.

The Salinas administration's displeasure over the articles by the Jorge G. Castaneda and its zeal to discredit him have boomeranged on it so far, as the PRD [Party of the Democratic Revolution] has filed suit against it, THE NEW YORK TIMES, THE LOS ANGELES TIMES and LA OPINION have denounced human-rights conditions in Mexico, and the Committee for the Protection of American Journalists, which is chaired by Walter Cronkite, has issued a warning.

As if this were not enough, the Castaneda affair has cost the presidency the friendship of Wayne Cornelius, the director of the Center of Mexico-U.S. Studies of the University of California at La Jolla, a personal friend of Salinas de Gortari and until last month an ally in his campaign against Castaneda. In a personal letter to the presidency he asked that his name no longer be used in attacking the Mexican commentator, because his work and reputation were being harmed.

The government began its broadside against Castaneda several months ago when the official daily EL NACIONAL published on its front page a letter that Wayne Cornelius had sent to LOS ANGELES TIMES, for which Castaneda writes regularly. Cornelius suggested that the publisher clarify, when printing Castaneda's articles, that he "was not impartial" inasmuch as he had a clear-cut partisan affiliation in Mexico, in this case, according to Cornelius, with the Party of the Democratic Revolution.

On 16 May, however, the Presidency of the Republic took the charges against the PROCESO commentator even further. In a letter to NEWSWEEK it denied the statement that Castaneda had made in the U.S. weekly's international edition that week concerning human-rights violations by the federal narcotics police. Pablo Espresate, the assistant for the overseas press in the Social Communication Division of the Presidency of the Republic, speculated that "perhaps Mr. Castaneda's true concern is the recent arrest of alleged drug traffickers and murderers of policemen who are members of his own party: the Democratic Revolutionary Party (PRD) [sic]."

"Indeed," the letter continues, "Mr. Castaneda is guilty of a half truth by signing his articles as a professor, inasmuch as this glosses over his political loyalty to the PRD, which is well known in Mexico and has recently been made public by Wayne Cornelius, the director of the Center of Mexico-U.S. Studies."

This further mention caused the American academic to blow his top, and he sent a letter to Otto Granados Roldan, the director of Social Communication of the Presidency, asking him to please stop using his name.

With friends like this, I don't need enemies, Salinas' personal friend explained, contending that these scandals were taking up too much of his time and that people's image of him as a tool of Granados' office was preventing him from continuing his research on Mexico and the United States.

Cornelius was so upset that he promised right then and there not to talk about, write about, or comment on any event in Mexico in any forum for one year, until what happened had blown over. At the same time, he took his sabbatical year and in the interim left Gabriel Sekely in charge of the important Center of Mexico-U.S. Studies. Last week he chose to remain in seclusion by not attending the annual gathering of Mexican and American journalists, one of the most important events at the center that Cornelius created.

Cornelius was not the only one who had been angered. The PRD filed a criminal defamation suit against the government, specifically against Otto Granados' office and "whoever turns out to be accountable in the Presidency of the Republic," for the charges that Espresate made in his letter to NEWSWEEK.

The U.S. press also reacted to the threats against Castaneda. In an editorial on Tuesday the 19th titled "The Erosion of Human Rights in Mexico?" THE LOS ANGELES TIMES demanded that Salinas prove his alleged devotion to human rights by catching the people who had threatened the newsman. In the same tone LA OPINION, a Spanish-language newspaper from California, asserted that "the government cannot stand aside, watching how events develop and pretending that it has nothing to do with them."

THE NEW YORK TIMES went further and on Thursday the 21st published a report from its Mexico correspondent on the front page. In it he asserted: "There is a campaign of harassment and intimidation against the critics of the regime in Mexico." The reporter based his assertion on the cases of Castaneda, Norma Corona, and the mayor of Aguililla, PRD member Salomon Mendoza, who was arrested for alleged involvement with drug traffickers.

The scandal reached the Committee for the Protection of Journalists, which is headquartered in New York and has affiliates in Paris, London, and Toronto. It sent a letter to Salinas de Gortari in which it agreed that the government could not be blamed for the threats but that the EL NACIONAL editorial of Sunday the 16th "was worrisome," since it claimed that "the attacks were a figment of his imagination or his own fault. Such comments from an official governmental organ can only exacerbate the situation."

The committee sent its letter to a dozen international human-rights and journalists-rights organizations around the world.

* Aguilar Zinser Gives Account

90CA0093 Mexico City PROCESO in Spanish No 713, 2 Jul 90 pp 8, 10-12

[Article by Manuel Robles and Rodrigo Vera]

[Text] Adolfo Aguilar Zinser asserts:

"The captains of economic modernization are also the generals of authoritarianism and political repression."

He adds that therefore "authoritarian forces are not antagonistic towards those who hold the reins of government in their hands."

The investigative journalist, who on leaving his office on Friday 22 June was pursued along Revolucion Avenue by two individuals in an old car, speaks thus of the "climate of harassment" to which government circles have subjected him.

When asked for his opinion of Jorge G. Castaneda's assertion that he, Lorenzo Meyer, and Aguilar Zinser have been identified as "enemies of the president" by the Directorate of Social Communication of the Presidency (PROCESO No 712), Aguilar Zinser contends:

"I think that the current administration has gotten itself into a mindset in which, like no other administration in Mexico's recent history, it looks for enemies. Because it feels threatened in its political integrity. Previous administrations had boasted of their invincibility, whereas this one started under serious challenges, which make it susceptible and vulnerable to criticism."

He clarifies, moreover, that the current administration "is making its effectiveness dependent on the outside support that it can secure and, therefore, it is sensitive to what may be said about it overseas."

In his opinion, Castaneda is undoubtedly the Mexican critic "who has the biggest audience overseas," mainly in the United States. He says that accordingly "the government identifies Castaneda as an enemy."

As for him and Meyer, he maintains that the two of them have written and spoken in American forums for years, "and for this reason the administration has shown a very high degree of irritability over what we or anyone else might say about it. The tragic thing for the administration is that it lacks credible international spokesmen. Either you believe the official voice of the president and his representatives or you don't believe the Mexican Government. Overseas, however, it's hard to believe the official versions of what is going on in our country."

"As for the home front, I think that this administration is very insecure about the critics whom it cannot assimilate by giving them something in exchange for their silence. And this is not something characteristic of one or two people. It's the trend, the direction in which criticism in Mexico is headed."

Aguilar Zinser also sees "a very great lag in the political maturity of the administration and in the social criticism of administration action, as well as in the regrettable social inequality and political control under which the country is living." He asserts that "this is a situation in which the administration alone has placed itself," and "what we identify as serious violations of human rights are and will be not the exception but the rule in the country's political life, unless real political change comes about."

He feels that Meyer, Castaneda, and he himself are "seen by the generation governing Mexico as part of a privileged elite, both because of our international ties and because of the educational opportunities that we have had."

This, he says, leads the group that is in power "to think that we take a thoughtless approach and have no grounds to criticize, point fingers, and denounce, when what is actually happening is that in such a stratified society, in which there is so much disenfranchisement and inequality, we are simply observing and analyzing what is happening in Mexico and breaking the consent-giving silence, the caution, and the deals that have characterized critics in Mexico in the past."

Not an Active Member of the PRD

A signer of the call for the creation of the Party of the Democratic Revolution, Aguilar Zinser says that he is a "sympathizer of Cardenism," asserting, however, that he has not been involved in any other activity of that party. He says:

"I don't know whether having signed the call makes me a member of the PRD [Party of the Democratic Revolution].

Nevertheless, I did so fully convinced of the need for an opposition party that could bring together the forces that took part in the presidential campaign of the National Democratic Front."

He goes on to say that because of his academic activities he has been unable to devote more time to the party.

"I do not regard myself as an active member of the PRD, nor as having been directly involved in its creation, although I sympathize with it and, in particular, with Cuauhtemoc Cardenas, with whom I have personally worked and work on intellectual tasks."

He comments:

"Cuauhtemoc Cardenas leaves us with the conviction that it is possible to dissent without immolating oneself, that it is possible to believe and take part in building other options for Mexico without lapsing into martyrology. And what the government wants to do is show that the search for such options and the exercise of such possibilities does lead to martyrdom, ostracism, being locked out."

He clarifies that his identification with Cardenism has made him a victim of "campaigns of discredit," such as the one in 1988. Government officials accused him publicly of having set up a publicity machine in Washington during the activities in which Cardenas was engaged that year in the United States, because Aguilar Zinser helped out in and attended the events that the PRD leader staged in the U.S. capital, New York, and Boston.

Aguilar Zinser was doing research at an international studies center in Washington, and thus Alfredo Gutierrez Kiecheener, who was then a Pemex representative and an official at the Mexican Embassy in Washington, accused him in EL UNIVERSAL of using his academic activities "as part of a PRD plot to discredit the Mexican Government and PRI [Institutional Revolutionary Party]." Aguilar Zinser says that Gutierrez Kiecheener sent a memo to the ruling party, part of which was published in the "Political Fronts" column in EXCELSIOR.

According to the investigative reporter, the diplomat intended to discredit him in the eyes of the research center.

"But it didn't work. The directors knew perfectly well that it was a campaign to discredit me personally."

Aguilar Zinser now says:

"I have never denied that I gave advice and helped out during Cardenas' visit, which was an opportunity for influential people in the U.S. Government to talk directly with him and get to know his views. But this had nothing at all to do with my activities at the institute."

"You're accused of being a Cardenas scribe..."

"Those accusations started in 1988. They're untrue. I'm a friend of Cardenas. And my collaboration with him has always been open and based on common views, not on deals, contracts, or conspiratorial ties.

"In any event, as far as I'm concerned, whenever there has been criticism to discredit me, it has come from some government official, who does not discuss views but rather tries to discredit me and who, moreover, does not identify himself publicly as such."

He adds that this goes for Gutierrez Kiecheener and Marco A. Bernal, the principal official at SEDUE [Urban Development and Ecology Secretariat] who wrote several articles for EXCELSIOR in which he leveled the same charges that are now being made against Castaneda and Meyer. Such criticisms predate the ones by Romeo Flores Caballero, the PRI secretary of international relations, and Juan Bustillos in EL UNIVERSAL.

It all started in July 1984, in the middle of the De la Madrid administration, when he was kidnapped from his home by an armed group that he says took him

blindfolded and with excessive force "to a torture site, which I assume was connected with the Interior or Defense Secretariat."

Aguilar Zinser believes that he was kidnapped because of a series of his articles that were published in the Mexican and world press and by humanitarian organizations about the treatment of Guatemalan refugees in Chiapas, when they were relocated in Campeche and Quintana Roo.

He says this about his kidnapping:

"They kept me there all night and much of the next day. Blindfolded, I was a witness to how they tortured other people, men and women, some of them foreigners. In all that time I was not tortured, but they hit me and asked me: Who do you think you are? What's your name? The message was clear to me: to put it euphemistically, it was a visit to the palace dungeon to show me how the people who dissented or complained were treated."

He adds that "the message was also that I didn't belong there, that the place was for those who had put themselves in a position of confrontation or for those who had no social protection, and that if I didn't want to stay, I should abandon my position of criticism and confrontation, which they assumed I had taken."

He was released the next morning, wrapped in a blanket, on a street near San Joaquin Avenue. At noon he got a call from Interior Secretary Manuel Bartlett. "He asked me to remain calm and assured me that it was not the forces of the Interior Secretariat or of any other identifiable one that had kidnapped me."

"But during the same conversation Bartlett used the same argument that has now been offered to Castaneda: that it was out-of-control forces that are trying to damage the administration, which is the exact same explanation that Salinas de Gortari gave to Castaneda."

Bartlett asked him to talk with Fernando Perez Correa, the undersecretary of the interior, who cautioned him: "You don't need to tell us anything through the newspapers. You don't need to use the press to express your views or to dissent. You can come, call us up, and talk with any official." He later told him: "Write down your disagreements with and your thoughts on the Mexican Government's behavior towards the Guatemalan refugees in a memorandum to the interior secretary. And since this is intellectual work, put a price tag on it."

"What he was telling me, in a word, was: We'll pay you to criticize us in private."

That Sort of Country Is Gone

According to the investigative reporter, "that sort of country is gone; decisions can no longer be made in private. This is a country in which criticism is no longer the opinions that the members of the ruling elite hold. This is a country in the ferment of major social changes, grassroots mobilizations, mechanisms of civil resistance. This is a country that has ceased to belong to a handful of Mexicans."

"This is why I think that criticism from intellectuals, whom the State still feels it can co-opt, is so annoying and generates such angry reaction, such as against Castaneda, Meyer, and myself."

After relating what has happened, he tells PROCESO:

"Salinas de Gortari has insisted that the human rights violations in Mexico in which authorities are involved are being committed without the knowledge of higher government officials, who cannot control the actions of bodies that operate with impunity and outside the law. I consider this an unacceptable argument, because every act by the authorities is the State's responsibility. And no government official can claim an absence of responsibility, inasmuch as this leaves society defenseless.

"If the people who kidnapped me in 1984 and threatened Jorge in June 1990 are forces operating outside the control of the Federal Executive Branch, it means that Castaneda, I, and anyone else are permanently at the mercy of these forces and that the State has declared itself incompetent with regard to this responsibility."

Aguilar Zinser also says that the Mexican Government "wants to make the international community believe that the economic changes and the transformations in the structure of the State that the Salinas administration is spurring are of such scope that they have unleashed a genuine internal struggle in the government between the forces that oppose change, which are presumably the ones to blame for the human rights violations, and those that are furthering this process of change and are with Salinas de Gortari."

It has thus chosen, he says, "to use the same argument and excuse as Gorbachev, but there is no credible analogy between what is happening in the Soviet Union and in Mexico, simply because there has been no political opening in this country."

As to his being pursued on the night of Friday the 22nd, Aguilar Zinser says that he got away by going the wrong way on Rio Magdalena and losing the vehicle that was following him. He says that he did not think it appropriate to file a formal complaint but he did tell Luis Ortiz Monasterio, the general director of human rights of the Interior Secretariat.

"He told me that he was taking note of it and that he viewed it with concern."

* Lorenzo Meyer Discusses Appraisal

90CA0093 Mexico City PROCESO in Spanish No. 713, 2 Jul 90 pp 12-15

[Article by Manuel Robles and Rodrigo Vera]

[Text] Far from making Mexico look like a country that has left authoritarianism behind, the threats against

Jorge G. Castaneda show the exact opposite, says Lorenzo Meyer, a researcher with the Colegio de Mexico, according to whom intimidation "is the beginning of violence."

And although he says that he does "not share the same perspective" as Castaneda, who points to him and Adolfo Aguilar Zinser as two other intellectuals whom the Directorate of Social Communication of the Presidency has identified as "enemies" of President Carlos Salinas de Gortari, Meyer agrees that he has been the victim of "minor attacks" since Miguel de la Madrid's six year year term.

In an interview in his cubicle at the Colegio de Mexico, the historian asserts:

"I take it as something normal. It's a pattern. It happened to Don Daniel (Cosio Villegas) and it happened to me during the last presidential term. And I assume that it's going to happen during the next term. What surprises me is the argument, which doesn't change. Fortunately, nothing like what happened to Castaneda has happened to me."

Accused by Juan Bustillos in an article in EL UNIVERSAL of being Cuauhtemoc Cardenas' scribe, just like Castaneda and Aguilar Zinser, the researcher rejects such ties to Cardenas, adding:

"In my case it's not true. Besides, I don't think there would be problems if that were the case. Every political leader in the world has speeches written for him. That's not unusual. It's normal. I've exchanged views with Cuauhtemoc, whom I see from time to time, just as I did once with Clouthier."

He says that he is "used" to this sort of attack, cautioning however: "To discuss ideas and to not attack individuals or critics would be a sign of modernization."

"Do you think that relations between the government and intellectuals have soured?"

"What happened to Castaneda worries me, because they're using the premodern approach. A system that is supposedly moving from authoritarianism to democracy shouldn't employ such threats. All political leaders, all governments detest their critics. That's natural. But there is a wide range of ways that the government can respond. In the first place, answer arguments with arguments, not with attacks on individuals. Another option is simply to ignore them. So if the critic's argument is untrue, it will fall of its own weight. Mexican society, which is now so heterogeneous, so pluralistic, will be able to tell what is true and what is exaggerated. Because an exaggeration hurts the person making it more than anyone else. And he thus loses credibility. And if what someone is saying is nonsense, the best way to destroy him is to let him keep on talking nonsense."

In his judgment, one of the "traditions" of modern-day Mexico ("It has been done so often, but no one can say that it's illegal") is to "co-opt" critics by giving them government posts to keep them quiet.

"But harassing these critics to the point that we can assume that the threats against Castaneda come from the government, is unnecessary, counterproductive, and stupid. Because they've given him greater presence than he had. And they've made him better known than he already was. If what they intended to do was silence him, the only thing they've done is to make his voice louder than ever. This does not further the government's plan to portray Mexico as a country that has already left authoritarianism behind and has entered the modern age. Just as it was said a while back that you could not talk about a moral renovation when there was election fraud, today you can't say that this is a modern country when there are threats to pluralism. A modern country means pluralism, among many other things. But there are week points in this modern country."

The author of "Mexico moderno y contemporaneo (1920-1976)," "Su majestad britanica contra la Revolucion Mexicana," and "A la Sombra de la Revolucion Mexicana," and the 1989 winner of the National Journalism Prize for lead articles, Meyer also feels that the social cost of modernization "is going to be very high."

"A premodern approach to politics is being used as the engine of economic modernization."

He explains that although "there is a consistent economic plan, which is within the mainstream of developments in the international economy," politically speaking Mexico "remains bogged down in 1988: Someone wins, but it's not convincing."

He goes on to say:

"This cannot be, because even Nicaragua can hold an election, and the results are not challenged. Peru, burdened with the terrorist group Shining Path and with an extremely complex situation, is capable of putting out election results in 24 hours. And here we haven't gotten over 1988. A decision has been made to use the great deal that remains of Mexican authoritarianism to spur economic modernization. We're going back to old-time Mexico, to the days of Don Porfirio, when an attempt was made to change the economic structures and postpone political change. What happened afterwards (the Revolution) is the best proof that this was not the right way. Everything fell apart on them....And the country paid a huge price. There are people who think that if we take the authoritarian route, if we are successful and manage to alter the economic structures the way we want, this same economic success will give rise to political legitimacy without the need to resort to the ballot box. But this is a mistake. Elections are the source of legitimacy. And Mexico's modernization must be given legitimacy."

He then asks aloud: "When has the government ever changed in Mexico by way of elections? The fear is that change means a possible change in government."

Meyer asserts, however, that Mexico "has always been ready for democracy." He notes that those who disagree cite reasons such as the low educational level of Mexicans and "serious social inequality, calling them obstacles to democracy that would cause us to choose the wrong leaders."

"But I think that the best way to learn is to allow mistake to be made. There have already been so many mistakes and so many bad choices from above....Let's take a look at the history of our presidents. How often have they been wrong from top to bottom? Good God! And not just in selecting a president but his entire team and his entire national agenda. And society has paid a very high price, without ever having been involved. This way, if a mistake is made, at least we'll all be to blame."

Lacks the Political Will

"Do you feel that the current administration has the political will to change this situation?"

"No, to judge by the facts. I still see the elections not legitimizing anything. And I think that corruption will be with us until well into the next century, at best. It's never completely eliminated in any political system, because that has to come through a democratic transformation of society. First we transform society so that corrupt practices decline. Because what worries me now is that the electoral system is not being used for what it could do....It could give our society self-confidence, pride as a society. Because we haven't had a lot to be proud of lately. One of the things of which we could be most proud would be to have a representative, democratic system that is accountable to society. In short, one that is not authoritarian."

"Do you regard the PRI [Institutional Revolutionary Party] modernization plan as viable?"

Meyer laughs before replying:

"When has an authoritarian party ever turned democratic? I don't know of any. Someone once said to me that those of us who do not belong to PRI are not entitled to voice an opinion on it. But we are entitled to voice an opinion because it's the ruling party, which governs us all. We can't be indifferent. Let's hope it changes."

He cites the cases of chiefs of state who are the products of authoritarian systems (Mikhail Gorbachev in the Soviet Union and King Juan Carlos in Spain, for example) and who have nevertheless "opened up the political systems in their countries." When asked whether Salinas de Gortari could become one of them, he immediately replies:

"What do you think? I'll ask you."

Speaking in his small office in the southern part of the city, Meyer denies that he is the victim of "a campaign of harassment" that began with Juan Bustillos' column, which lumped him, Castaneda, and Aguilar Zinser together. Besides accusing him of being a Cardenist, Bustillos mentioned in his article that the investigative reporter spent three days in a San Diego, California shopping center.

"The approach was so stupid. There's something even childish about such attacks."

He says that he was attacked as long ago as Miguel de la Madrid's administration in a article by one Enrique Castillo, who accused the historian of being pro-American because he questioned De la Madrid's moral renovation program. The same thing once happened to Daniel Cosio Villegas, he says, who was called "Uncle Sam's nephew." Meyer relates that Cosio Villegas always thought that the attacks came from "someone specific in the administration."

The commentator for EXCELSIOR and LA OPINION of Los Angeles denounces the eagerness of the Directorate of Social Communication of the Presidency of the Republic to discredit the critics of the system in the U.S. press.

"Ha, ha, ha. That's foolish. You can tell that they don't know American newspapers. Perhaps it's a reflection of their authoritarian culture, which they try to transfer to other countries. But the U.S. papers aren't going to pay any attention to them."

He then asserts:

"Every government manipulates. Political discourse is false in part. The difference between one country and another is the degree of falseness. Even the purest of political heroes, when trying to control the facts, engages in very manipulative discourse. False discourse. This is the way it's always been. This is why it doesn't surprise me. They're playing their role.

"What's the ultimate objective? To silence. There are several ways to do this. One could be intimidation, and another defamation. But what does astonish me and what I do not look upon with indifference is the use of violence, because we're helpless in the face of it. And a threat is the start of violence. It's restrained violence. In the background politics always entails violence. Normal politics always leaves it in the background and never uses it. But with a threat, violence is already coming to the surface. And if there is a move from threat to action, I better keep quiet. But the fact that I'm keeping quiet does not mean that I agree that they're right. I'm the one who's right."

"Why in your opinion is it so eager to discredit the intellectuals?"

"Who knows? Under this system the real information about events is almost kept secret. We don't know exactly how things stand."

He adds that this communications policy has been a common denominator of Mexican governments. "Like all the others, this one promised to be up front with information. But if the system was born authoritarian

and has never known political democracy, it could not be otherwise. These are the instinctive reactions of someone who has been brought up in the culture of authoritarianism."

"Why does criticism seem to affect the government so much?"

"I really don't know. It ought to be the normal thing. Nowadays, in the late 20th century, every government ought to be prepared to be the target of criticism. This is like political fresh air. It's like breathing. Criticism can also be valuable. Once a politician has gotten over his rage because criticism has lifted the veils of manipulation in which all politicians engage, be they left- or right-wing, democratic or authoritarian, he may find it useful. It's one of the many signals that a society sends to its leaders, who ought to take it into account and make it part of their system of information. And it can help them to modify their conduct. All political systems need to receive continuous information from their environment."

We Weren't Born Yesterday

Meyer admits that he cares "quite little" about what the government thinks of his professional work. He says: "What concerns me is to bear witness so that future eras realize that we weren't born yesterday, that although the government did as it pleased, society knew that there was manipulation and that if it didn't act, it was because it wasn't allowed to."

What matters in his opinion "is the need for major social groups to gradually absorb new civic values." He adds:

"A political culture different from that of the past is required. If the government and its critics understand each other, it doesn't mean that things are necessarily going to go well for society. They may and they may not. But how are things going to change when there is social indifference, apathy, and resignation towards authoritarianism? Presidents come and go; cabinet secretaries come and go; directors of social communication come and go too. Deep down they don't matter much. What is critical are society's political values. How can they be changed? The important thing is for the bulk of Mexicans to gradually change their attitude towards politics. And the government will then find reasons that will force it to modify its authoritarianism."

As for human rights in Mexico, Meyer feels that they have been "systematically violated," and he cites the period from 1920 to 1940, when robbery suspects had confessions tortured out of them. Yet he sees it as a positive development that more importance is now being attached to violations of human rights. He says:

"I see this as a long-standing, deeply rooted problem that has been around for many presidential terms and that is going to be very difficult to prevent. Today, drug trafficking is another episode in a very old story. The violations committed in the name of the guerrillas were similar to those during the days of the cristeros, when torture was systematic and executions by firing squad a must. In every war that Mexico has had, a series of innocent civilians have been arrested and trampled under the feet of horses."

Referring to the threats against Castaneda, Meyer takes a deep breath and says: "Fortunately nothing has happened to me. Perhaps it's because I write in Spanish, and he causes more irritation because of his columns in English."

* Nuevo Leon 1991 Election Factors Viewed

90CA0096A Tijuana ZETA in Spanish
29 Jun-5 Jul 90 pp 28A-30A, 32A

[For related ZETA reporting on the 1991 elections in Sonora, see the 12 July FBIS Latin America DAILY REPORT, pp 10-13]

[Text] The following article is the second in a series of analyses and commentaries on the political situation in those states where elections will be held in 1990 or 1991 and whose outcome, in the view of some observers, might be surprising.

ZETA has already presented its observations on Sonora and, in the article which appears below, reviews the situation in Nuevo Leon. Over the next few months and before the end of 1991 reporters from this weekly publication will travel to Guanajuato, San Luis Potosi, Estado de Mexico, and Yucatan in order to give our readers a comparison between the situation in these states and what happened in the recent elections in Baja California.

Monterrey, Nuevo Leon. An electoral branch of the Mexican political system, speaking eloquently but in language difficult to understand and confident in the extreme, the Institutional Revolutionary Party [PRI] has not lost sight of the main chance.

With the clear support of the government, early candidates known to everyone, and an electoral law in its favor, the PRI is trying to convince the residents of Monterrey of its honesty and to obtain enough votes to win the offices of governor and mayors in Nuevo Leon in 1991.

The PRI leaders know that it will not be easy. However, they prefer to adopt an attitude of open optimism rather than accept the possibility of a victory by their immediate opponents: the National Action Party [PAN].

The PAN was defeated in the elections in Nuevo Leon in 1985, thanks to electoral fraud sponsored by the government of President Miguel de la Madrid and assisted locally by Alfonso Martinez Dominguez, then state governor. The PAN has not dared to display its political strength in 1990.

Burdened with serious, internal conflicts—among them the decision by 14 federal deputies to resign from their

affiliations with the PAN—led by political figures who have only regional influence, and without very bright, electoral prospects, the PAN appears to be far from being a significant, political force.

Nevertheless, the people of Monterrey have not forgotten past efforts by the PAN and, above all, the figure of Manuel J. Clouthier, the late, former PAN candidate for the presidency of Mexico.

For the moment the political situation in Nuevo Leon does not provide many options to a third force. The PRD (Party of the Democratic Revolution) has not won over the new members it sought in the mountains and in the outlying urban areas. Its political campaigns remind one of the early devices used by the Mexican communist movement, but without the results it achieved in the past.

However, if the PRD is not making much headway or breaking through to the voters, the PRI and the PAN are in a similar position. With just a few months left before selecting their candidates, everything is being handled in a relatively normal way. There is no enthusiasm.

The modest and antiquated offices of the PAN look practically empty. In the existing atmosphere of tranquility and uncertainty, there is not the slightest indication of pre-electoral activity.

The PRI building, a four story structure on one of the principal avenues of Monterrey, looks like a government office, neither more nor less. However, it is also semi-empty.

And the fact is that, for the people of Monterrey, political life is like the temperature in Nuevo Leon: it ranges very widely from one day to the next. From 1 to 20 degrees [Celsius; equivalent to 35 to 70 degrees, Fahrenheit]. You can never be sure with any degree of certainty.

Therefore, none of the early candidates can be sure about his position. They depend in large measure on the preliminary political game which the PRI and the PAN play between August and October.

In the state congress a draft reform bill is being discussed which aims at "open" elections. The PRI majority, under the circumstances, intends to elect the governor and town mayors in 1991 with the same procedures used in 1985. In that way it will be sure of an overwhelming victory. Or so it supposes.

The PAN, alongside its candidates and electoral strategy, simply clings to the terms of the law. If the reforms which it has proposeed are not approved, its candidates will practically be eliminated in the 1991 elections. They will be defeated before they start.

And the fact is that PAN supporters have announced that they are depending on the State Electoral Law.

Don Pablo Emilio Madero, the controversial PAN leader in Nuevo Leon, looks at the political situation very calmly. He makes no predictions, nor does he support any of the early candidates. He is using the State Electoral Law as a reason for explaining defeat or anticipating victory. He has no alternative.

He recognizes that not even the best candidates will be able to win if the PRI continues to control the rules of the political game.

Pablo Emilio Madero told ZETA: "The problem which we have, here in Nuevo Leon, is the same as the one we have throughout the whole country. That is, electoral laws which do not allow openness. Fraud is so easy that the people no longer have any confidence. There is no credibility in the process, and this is translated into not voting. Therefore, in the State Congress we are pressing for speed in the discussion of our draft bill and to have a reliable, Electoral Law spelled out."

In the view of PAN leaders in Monterrey, the proposed reforms in the Federal Electoral Law are practically "dead in the water." That is, if action is not taken on them, it is clear that there will be serious difficulties in making the necessary changes prior to the political campaign in Nuevo Leon.

The strength of the PAN is not clear at present, in the absence of viable alternatives to know what it can count on. Pablo Emilio Madero said: "Electoral strength is measured in terms of the votes deposited in the ballot boxes. It is very difficult to guess how a citizen is going to vote. We believe that the National Action Party has the support of the citizens, but a strong turnout would be ensured by having a good elections law."

On the other hand, in the Institutional Revolutionary Party legal and electoral questions do not seem to bother them much.

Excited, but never losing his balance, Dr. Arturo Charles speaks as the secretary general of the State Leadership Committee of the PRI in Nuevo Leon. He referred specifically to the elections when he began: "Proposals were made for possible reforms in the State Electoral Law, based on the experience in applying this same law in the elections of 1988. The proposals were taken up by the body which called the elections and, in turn, the State Commission turned them over to the State Congress, which must review them and consider the views of other parties, as well as our own party."

Naturally, the PRI proposals are far different from those advocated by the PAN. The PRI proposals contain nothing about "open" elections or voters' cards with photographs on them and a system of control in the polling booths where the voters cast their ballots. The PRI proposals are simply a gloss on the existing State Electoral Law aimed at improving appearances.

With a majority in the State Congress, the PRI is practically sure of having elections which can be manipulated. Not manipulated as much as in 1985 but in a similar way.

In view of the lack of unity in the Monterrey opposition, the PRI appears to have passed the first obstacle with evident ease. Although PAN members state that they will not allow the rigged elections of five years ago to be repeated, on the other hand PRI figures are using their customary, flowery political language.

A PRI leader said: "We are very clear about the results which we obtained because an election is won in every voting booth and is confirmed by the authorities, who act in this regard. We proved this."

Nevertheless, the bulk of the people of Monterrey have another version of events in the 1985 elections. Their votes were not respected, and Dr. Jorge Trevino was placed in the governor's chair by means of resounding electoral fraud. The social impact was so great that political conditions in Nuevo Leon now stand out in the surrounding desolation.

While the proposed reforms in the State Electoral Law presumably will be discussed in the state congress, the PRI is relying on advertising and promotional activities to gain supporters. Although its leaders state that their plans are bringing good results, there has not been any considerable increase in the number of party members.

For the PAN it is more important to consolidate a draft plan of government than to go out into the streets, promoting social activity. And the fact is that, among other things, it does not have the financial and human resources of its rival. Furthermore, internal divisions are growing within the PAN.

On the whole, the conditions which existed in Baja California at the time of the election of 1989 there are not present in Nuevo Leon now.

In the view of Pablo Emilio Madero the victory of Ernesto Ruffo Appel in Baja California was a positive development on the Mexican political stage and was relatively unprecedented. However, his victory does not ensure respect for the vote in Nuevo Leon.

The PAN leader in Nuevo Leon said to a ZETA reporter: "The Mexican federal government had reserved for itself a monopoly over the governorships in the states. The fact that it recognized a victory in Baja California for the opposition was a positive development. This was one point in gaining confidence. Nevertheless, it is not enough, because what we are looking for is a procedure to permit the vote to be freely cast, honestly counted and unquestionably respected so that the result will not, in turn, depend on the good will of the president."

He added: "Therefore, we insist on reforms in the State Electoral Law, so that fraud will not be easy, so that electoral bandits will pay for their crimes, so that they will not have impunity for what they do, and so that confidence will be restored."

The influence of President Carlos Salinas de Gortari will be considerable in Nuevo Leon. That is unquestionable. There is no doubt about it.

Raised in this area and having many friends and a well defined amount of political influence, Salinas de Gortari could make use of his image and help out the PRI machine. In the last analysis it is also his machine.

Although they do not say so, PRI leaders have three strong cards to play:

- Dr. Socrates Rizzo, current mayor of Monterrey.
- Dr. Napoleon Cantu, former attorney general of Nuevo Leon.
- Dr. Cesar Lazo, former mayor of Monterrey.

Of these three figures Socrates Rizzo seems to have the best chance of being elected governor of Nuevo Leon. It is stated that he has done a good job as mayor of Monterrey and that his political prospects from the beginning pointed to the office of governor of Nuevo Leon.

As a matter of fact he has stayed out of serious conflicts and has a clear identity among the voters. To all appearances his character and his relationships are one point more in his favor, but not in any decisive way.

Napoleon Cantu, former attorney general of Nuevo Leon, also has a significant position on the Nuevo Leon political scene.

He is a man fully identified with the system. It is said that he has the support of Jorge Trevino, the present governor. He is not directly involved in the present situation and is waiting for action by his party.

Cesar Lazo's situation is different. Much involved in the internal affairs of the PRI, he is making a real effort to be the party's candidate for governor. In fact, the race within the PRI has already begun.

The ZETA reporter asked the secretary general of the PRI in Nuevo Leon, who is concentrating on a demagogic speech before revealing any names: "What is going on with the so-called early candidates?"

He answered: "As a party we have the greatest obligation, because we are the leaders, to work along previous lines. We are leaving personalized speculation alone. That is our opinion. No, it is not acceptable to play with names which, certainly, public opinion is going to know, and it is only proper for party members to have their preferences. However, we have to respect the times and wait for the right occasion to issue the call for candidates."

Other PRI leaders are talking about the conditions under which the selection of their candidate should be made. And, to some extent, they are providing the opposition with some hope.

Oscar Herrera Hosking, former mayor of Monterrey, said: "The PRI could lose the gubernatorial elections if it nominates an unknown or someone who does not have a good image in the eyes of the people. My party cannot be too confident about the opposition, because it could suffer from some surprises."

He went on to say: "The situation is getting more difficult every day. The opposition has more capable and more qualified candidates. So the PRI must be concerned about choosing the best candidates to take part in the forthcoming political campaign."

The PAN is considering three possible gubernatorial candidates:

- Mauricio Fernandez Garza, mayor of Garza Garcia.
- Teresa Garcia de Sepulveda, mayoress of Santa Catarina.
- Fernando Canales Clarion, the losing PAN candidate for governor in 1985.

The first two figures were successful in persuading the PAN to fight against an unfavorable electoral law. Their work has been significant, and they are considered viable candidates in the final choice of a PAN candidate.

The situation affecting Canales Clarion is different. After his defeat by Jorge Trevino, his image remained good for some time. Then he faded a little but regained his position publicly, when Manuel J. Clouthier was PAN candidate in the presidential campaign of 1988, although Canales Clarion had held leadership positions in the PAN throughout this period.

In 1990 he could return to the active, political arena and seek the nomination again.

Far behind these three PAN figures is Jose Angel Conchello, candidate for governor in 1979. He might also be considered by the PAN. Nevertheless, to all appearances his prospects are not so promising.

Pablo Emilio Madero said: "Of course, the blue and white flag [of the PAN] means something. Some candidates consider that the weight of public opinion inclines toward the candidate who is running. In my view the candidate has some influence, but the image of the party is decisive."

He explained that in the past certain "shining stars" outside the PAN have been nominated, but they did not obtain favorable results. In other cases PAN candidates who were not very well known have run with better luck.

He was asked: "Is membership in the party a requirement?"

He replied: "Party membership is advisable. In the PAN candidates are allowed who are not members of the party. We could have a candidate who has recently joined the party or who does not belong to the party. However, it is desirable for the candidate to have a record in the party, so that he will govern with a view to the common good."

In view of this the PAN could have an ace up its sleeve, with business credentials.

Although the PRI will choose its candidates no later than December, there is not the slightest doubt that the "dedazo" [the practice of candidate selection "from above"] will be used.

And because this election will take place in a state directly linked to President Carlos Salinas de Gortari, its impact later on will be profound and definitive. Both PRI and PAN supporters know that also.

Therefore, within the PRI, movement is hardly perceptible. Political matters in practice are handled in Mexico City and under conditions peculiar to the system of centralism which have to do with the Mexican structure.

Although the national leaders of the PRI recognize that the elections in Nuevo Leon will be difficult, principally because of the events in 1985, they do not concede the possibility of defeat. The same attitude is assumed as the one in Baja California in 1989.

Nevertheless, the influence of the president is more than a comfort, much more than defining party strategies.

In the PAN camp the uncertainty at times is overwhelming. They are involved in preparing a plan of government which covers all areas and, above all, in explaining to the voters the mechanisms which will be used in the campaign. They have to be seen to be believed.

Nevertheless, some of their activities might lead to nothing, like the visit of Ernesto Ruffo Appel [governor of Baja California] to Nuevo Leon to add strength to the campaign.

Pablo Emilio Madero explained this situation in this way: "Personally, I have been very much annoyed when the president of the republic displays his party membership. It is a question of political sensitivity whether Ernesto Ruffo Appel comes or does not come to strengthen the PAN campaign in Nuevo Leon. I think that we should be very careful about his presence in support of candidates in Baja California or in any other state in the federation."

Then Madero explained the importance of internal conflicts in the PAN in terms of the forthcoming elections: "The PAN is a political party. In a political party there is unity but not uniformity. There were problems when constitutional reform was discussed. One group of PAN members, including me, thought that it was a bad idea for the PAN to support the proposals of the PRI in three fundamental areas: self qualification, the clause concerning governability, and the composition of electoral bodies when the president of the republic appoints the

election judges. We thought that this was an error and that we were going to pay for it. Then came the problems with the reelection of Luis H. Alvarez, but nothing should happen in this regard."

Meanwhile, the PRI is making use of its resources: advertising campaigns in outlying areas and recruiting new members.

And this way, Arturo Charles says, will be more than enough, even though in Mexico City they think the opposite.

A ZETA reporter told him: "The national leadership of the PRI mentions Nuevo Leon as one of the states where there will be problems in winning the elections. As a resident of Monterrey, what do you think of that?"

He replied: "In the elections of 1988, thanks to the work which the party did, it was possible for us to make a very good report to the National Executive Committee of the PRI. In this process, which we will have to deal with, we are going to redouble our efforts and try to do better."

He was asked: "Then you will not have any problems?"

He answered: "Look, in elections unpredictable questions come up. The fact is that if we select our municipal and sectional leaders very carefully and do a great deal of supervisory work, then it will be time to think about electoral victories."

For the time being, with the State Electoral Law working in its favor and with the help of the governmental machinery and the approval of President Salinas de Gortari, the next PRI candidate for governor of Nuevo Leon will have all kinds of advantages, in addition to being the electoral branch of the government system.

Although the paper war has not yet started, Pablo Emilio Madero and Arturo Charles naturally believe in the possibilities of electoral success for their parties.

The PAN leader has decided to speak openly of the PRI: "Would that it were a political party which had no government officials assigned to it, that it did not have the Treasury behind it, as you saw in Baja California in the case of Margarita Ortega. Government officials and the Treasury support the PRI campaigns, pay for its publicity, and do all of the work of getting new members. They use immoral weapons."

Pablo Emilio Madero continued: "It would be a good thing to see how it would work without support, like a baby without a walker. If it did not have special resources or government officials assigned to it. Then, if it wins, let people respect it. And if it does not, let it turn over the positions which it has lost."

Arturo Charles preferred to keep his opinion of the PAN to himself.

At first sight the political situation in Nuevo Leon looks unpredictable.

The Institutional Revolutionary Party is extremely confident, and the National Action Party is extremely unsure of itself. Nevertheless, this is not enough to decide what will happen in Nuevo Leon and particularly in Monterrey in 1991.

The people of Monterrey have not forgotten the electoral fraud in 1985. Although they apparently are satisfied with the public works sponsored by President Carlos Salinas de Gortari, they could be waiting for a candidate chosen by the PAN.

The rumor that a powerful businessman will run for governor is growing among the people of Nuevo Leon. For the first time, this would provide an alternative for getting around the obstacles of a crooked electoral law.

The PAN needs to win big in the elections, as happened in Baja California, thereby eliminating any possibility that the traditional tricks could be tried.

In the view of many people the personality of Manuel J. Clouthier might have been decisive. The numbers of people whom he attracted during the campaign and then after his defeat in the presidential elections might have indicated great possibilities in the contest in 1991.

Therefore, Clouthier's death apparently will have a great deal of influence on the pre-electoral campaign of the PAN.

The conflict between 14 PAN federal deputies and the state leadership in December 1989 has deepened divisions within the party. Internal party debates did not bring the results sought, and the suspension of their rights and obligations is still a popular subject of conversation.

While Pablo Emilio Madero states that these differences are normal, some members of the party do not think so. And they say that a clear spirit of unity is required to confront the PRI machine, which once again will try to hold onto the governorship.

Developments over the next few months will be interesting for the people of Monterrey. Aware that political life is like the temperature, which is always unpredictable in Nuevo Leon, they can hope for many things.

Until the rate of abstentionism is brought down and the Institutional Revolutionary Party loses its influence in the streets.

El Salvador

Ponce Said To Take Over Defense Ministry

PA2908174690 Panama City ACAN in Spanish 1600 GMT 29 Aug 90

[Text] San Salvador, 29 Aug (ACAN - EFE)—It was unofficially announced today that Colonel Rene Emilio Ponce, chief of the Salvadoran Armed Forces General Staff, will be appointed as new Salvadoran defense minister on 1 September to replace General Rafael Humberto Larios.

The sources added that Col. Gilberto Rubio will be moved up from deputy chief to chief of the General Staff and that Col. Mauricio Ernesto Vargas, member of the government commission for the dialogue with the guerrilla movement, will be the new deputy chief of the Armed Forces General Staff.

A military source interviewed by ACAN-EFE refused to confirm or deny the appointments until the general order on the Armed Forces changes is released.

The military source added: "Perhaps there is some truth to that information, but I cannot confirm it."

Ponce, Rubio, and Vargas belong to the military promotion class of 1966 known as La Tandona, which is highly influential among the rest of the Salvadoran officers.

During its negotiations with the government, the Farabundo Marti National Liberation Front (FMLN) has insisted on the purging of many officers of La Tandona, whom it accuses of being involved in human rights violations.

Political and diplomatic sources have described Col. Ponce as "a trusted man" of the U.S. Embassy in El Salvador.

Vargas is the chief of the 3d Infantry Brigade in San Miguel City, 150 km east of San Salvador. Ponce occupied this post before becoming chief of the General Staff last June.

In addition to being in charge of one of the most conflictive areas of the country, Vargas is considered one of the most trusted aides of Salvadoran President Alfredo Cristiani.

Two days ago the Salvadoran Government announced the retirement of Gen. Larios, who was appointed as defense minister on 1 June 1989 when Cristiani became president.

According to Cristiani, the change is being made "because of service and personal reasons," which were not detailed in a short communique issued by the government.

Opposition leaders believe that the change shows that the disagreements between the officers who want a negotiated solution to the war and those who oppose it have not been solved yet.

In fact, Larios was appointed defense minister in an attempt to solve disagreements between officers who supported the appointment of Col. Ponce to that post and Cristiani, who insisted in appointing Gen. Rafael Bustillo. Bustillo retired last January after having commanded the Salvadoran Air Force during the guerrilla offensive of last November.

FMLN Commander Warns of 'Large Offensive'

PA2908171090 Mexico City NOTIMEX in Spanish 1459 GMT 29 Aug 90

[Text] Caracas, 29 Aug (NOTIMEX)—The Farabundo Marti National Liberation Front (FMLN) of El Salvador has announced here "a large offensive for the coming months," in view of the failure in the peace dialogue between the Salvadoran Government and the guerrillas.

In an exclusive interview granted to the newspaper EL NACIONAL of this capital, the FMLN commander, who asked to remain anonymous, said that "the FMLN guns will again sound with fury."

He added that the "only instrument left to the guerrillas to exert pressure in the negotiations is through the military struggle."

The rebel military commander is here contacting Venezuelan Government spokespersons in an effort to find a possible solution to the Salvadoran conflict. He said that although the FMLN understands that negotiations are the rational path to resolve the struggle, it insists now "it must emerge from the tunnel of the crisis, no matter how."

He said that the peace negotiations failed because the government did not agree to demobilize the Army. He added that the techniques of mines and sharpshooters will be strengthened in the coming offensive.

Sergeant Linked to Jesuits Turned Over To Court

PA2908130190 San Salvador Canal Doce Television in Spanish 0300 GMT 28 Aug 90

[Text] Sergeant Oscar Armando Solorzano Esquivel, a member of the Atlacatl Battalion, was remanded to the Fourth Criminal Court on the afternoon of 27 August. His arrest was ordered on 24 August under the charge of providing false testimony in the case of the killing of the Jesuits.

A few minutes before the end of the hearing on 27 August, a security force—the identity of which has yet to be released—turned over Sgt. Solorzano Esquivel to the Fourth Criminal Court. An arrest warrant was issued against him for providing false testimony. He testified in this same court on 24 August regarding the case of the

Jesuits. According to the preliminary information, it was found he contradicted himself in the testimony he had provided at a previous date.

According to some reports, the Atlacatl sergeant was at the scene of the assassination of the UCA [University of Central America] priests, but like other soldiers of his military unit, he has denied his participation in the crime.

On 27 August, the accused refused to make a deposition because he said he was not feeling well. Despite the presence there of prosecutors and defense attorneys involved in the Jesuit case, they were unable to participate because this was another charge, even though the motives were the same. The crime of false testimony carries a maximum sentence of five years in prison. Therefore, he may not be released on bail.

Correction to Navy Calls for Release of Boats

PA2808145890

The following correction pertains to the item headlined "Navy Calls for Release of Boats in Nicaragua," published in the 27 August Latin America DAILY REPORT, page 14:

Page 14, column two, paragraph two make read: Salvadoran National Navy Commander... (correcting name of country)

Same page, paragraph three, only sentence make read: ...that both the Salvadoran National Navy and the Salvadoran Foreign Ministry have... (correcting name of country)

Same page, paragraph four, only sentence make read: The Salvadoran Government has made... (correcting name of country)

Page 15, column one, paragraph one, only sentence make read: The Salvadoran Navy commander said... (correcting name of country).

Guatemala

Mexican Embassy Denies Camps Trained Rebels

PA2908151890 Guatemala City PRENSA LIBRE in Spanish 23 Aug 90 p 21

[Text] The Mexican Embassy in Guatemala has denied that Guatemalan refugee camps in southeastern Mexico are used to train Guatemalan insurgents, as Defense Minister General Juan Leonel Bolanos has reported.

The Mexican Embassy stated this in a 22 August bulletin citing several news reports attributing the statements regarding this to Defense Minister Juan Leonel Bolanos in Tecun Uman, San Marcos Department.

The bulletin added that the Mexican Embassy has already consulted the authorities and the military zones of Chiapas, Campache, and Quintana Roo States, which categorically denied there are Guatemalan guerrilla training camps in their areas.

The Mexican Government reiterated that it does not permit nor will it permit the use of its territory by persons or groups to plan military actions against any foreign government, and therefore it has asked its Defense Secretariat to increase vigilance along the border with Guatemala.

The Mexican Embassy also stated it must be stressed that the Central American refugee camps established in the aforementioned Mexican states are inhabited mostly by children, women, and elderly people who are involved in agricultural and handicrafts work.

The bulletin stated that this can be confirmed by the UN High Commissioner for Refugees (UNHCR) and the Mexican Commission for Aid to Refugees (Comar).

The Mexican Embassy said that the issue of Guatemalan refugees and other bilateral topics were analyzed at length by Presidents Carlos Salinas de Gortari and Marco Vinicio Cerezo in the third meeting of the binational commission held in Mexico City on 17 July.

It added that on that occasion the two presidents agreed to establish new means of communication on the issue and to strengthen the channels of consultation between the two governments so as to jointly address topics dealing with the flow of migration to their common border and the situation of the refugees in Mexican territory.

Government Sends Note to Mexico

PA2908191190 Guatemala City SIGLO VEINTIUNO in Spanish 25 Aug 90 p 3

[Text] In an attempt to solve the diplomatic friction between Guatemala and Mexico caused by the statements made by Guatemalan Defense Minister General Juan Leonel Bolanos, who said that the refugee camps in Mexican territory are guerrilla sanctuaries, the Guatemalan Foreign Ministry has sent an explanatory note to the Mexican Government stating that "the press distorted Gen. Bolanos' statements."

Foreign Minister Ariel Rivera Irias sent a letter yesterday to the Mexican Foreign Secretariat explaining the content of some reports published by the Guatemalan press, which state that Gen. Bolanos said that the refugee camps located along the Mexican border area are guerrilla training camps and sanctuaries.

Foreign Minister Rivera stated that the note sent to the Mexican Government explains that there was a "misinterpretation" of the statements made by Minister Juan Leonel Bolanos, because what he said referred to the critical times between 1980 and 1984 when the guerrilla movement was very strong in Guatemala and was fought against by the government at that time.

Ariel Rivera refused to release the text of the note, stating that it will be released in due time.

Through its embassy in Guatemala, the Mexican Government stated that "it has never allowed nor will it ever allow the use of its territory by people or groups that prepare violent actions against foreign governments."

The Mexican Embassy stressed that "the camps for Central American refugees in Mexican territory are mostly inhabited by children, women, and the elderly. The inhabitants of those camps are generally involved in artisan and agricultural activities that have been approved by the UN High Commissioner for Refugees (ACNUR) and the Mexican Commission for Aid to Refugees (Comar)."

Army Sets Up Radio Station in Peten Department

PA2908201490 Guatemala City PRENSA LIBRE in Spanish 26 Aug 90 p 6

[Text] Guatemalan Defense Minister General Juan Leonel Bolanos Chavez has inaugurated the first Army radio station. The radio station will be heard in Peten, Alta Verapaz, Quiche, and Izabal Departments and was installed inside the Aviation Colonel Danilo Henry Sanchez Northern Air Force Base in Santa Elena, Peten Department.

Bolanos Chavez said that the Army is making efforts to bring entertainment to the people of Peten Department while they go about their daily activities. The radio station will carry educational, cultural, and news and other programs, which have the sole purpose of contributing to the development of that important department.

The modern equipment and its installation was donated by the U.S. Government. The radio station uses a double tower two-antenna system. The signal will be transmitted on 1,250 khz on the AM band.

The bulletin issued by the Armed Forces' Information and Press Department states that the radio station will be run by the G-5 of Military Zone No. 23 and that it was installed on the premises of the Northern Air Force Base.

Nicaragua

Honduran Armed Forces Chief, H. Ortega Meet

PA2908160990 Managua Domestic Service in Spanish 1300 GMT 29 Aug 90

[Text] Brigadier General Arnulfo Cantarero, commander of the Honduran Armed Forces, met with his Nicaraguan counterpart, General Humberto Ortega Saavedra, on 28 August as part of a friendly rapprochement between the two military institutions. Hours before touring the Oscar Turcios Tank Brigade, Ortega said they held a meeting with President Violeta Barrios de Chamorro, during which they stressed support for the plan for proportional reduction and balance in the Central American armies. Here are statements to the local and foreign press by Gen. Humberto Ortega and Honduran Brig. Gen. Arnulfo Cantarero:

[Begin recording] [Ortega] Before coming here, we met with President Violeta Chamorro. She had previously heard these views from us, from the Sandinist People's Army [EPS], and she has now heard them from Gen. Cantarero. We are supporting a plan to reduce the Armed Forces in line with the needs of each state, the reasonable balance of forces, and a proportional global balance. That aspiration, that dream of disarming mankind is shared by everyone, but at least in this century-...[changes thought] and as Gen. Cantarero points out, in Central America it is not realistic to believe it will happen immediately. The important thing here is that there are Armed Forces that are adequate for the needs of defense and sovereignty and logically in line with the countries' economic situation. Thus, it is important that we have good relations and that there is no fear among our Armed Forces and peoples.

[Reporter] Gen. Cantarero, will there be bilateral agreements with the Nicaraguan Government on the reduction of armaments or regarding the border between Honduras and Nicaragua, within the framework of the Central American Security Commission?

[Ortega] We have to differentiate between two things. The Central American agreements on security and armaments are one thing, and bilateral relations is another. What we are doing right now is strengthening the bilateral relations between the two governments, peoples, and military institutions. We are going to discuss various border issues—those dealing with the Gulf of Fonseca, and problems that have arisen in the past with fishermen. We are also going to try to strengthen our experience as military institutions by exchanging experiences to further modernize operations and military science. This will benefit the eminently defensive doctrines and strategies of the two military institutions.

[Reporter] Gen. Cantarero, since the war is practically over in Nicaragua, the contras have disarmed, and the EPS has begun a reduction plan, I have two questions: How will an Armed Forces reduction plan be carried out in Honduras, and how long will the U.S. military presence be maintained in Honduras in view of the fact that Nicaragua has stopped being a threat, a danger, as you had said it was in the past?

[Cantarero] The Central American armed forces are holding talks at this time. In fact, a new meeting will be held in El Salvador in a few days, at which we will review parameters, capability, and a number of factors that will have a bearing on whether the reduction will be effected or not. Of course, all this will be carried out depending on the capacity of each country and the threats faced by each country. You will learn about the results at the end because an overall report will be issued.

Regarding the U.S. forces, we have a treaty dating back to 1954 that has been renewed on various occasions. As long as that treaty exists, the U.S. forces will stay in

Honduras. It is up to the central government and the Honduran Congress to decide whether or not the U.S. forces will stay in our country.

[Reporter] What is your opinion of the charges that the Salvadoran Army was involved in the killing of the Jesuit priests in November?

[Cantarero] These are Salvadoran matters, and I would rather not give an opinion about them.

[Reporter] According to reports in Managua, the Army was trying to sell weapons, and even this station said that the money was going to be given to the FSLN [Sandinist National Liberation Front]. Can you comment on this?

[Ortega] To begin with, according to the new situation of peace and although the Army has taken steps to reduce its troop strength and has begun a process of modernization, professionalization, and reorganization of its organic structure in general, this does not mean that we will dispose of the armament, which has been useful to our people and our nation to defend our sovereignty within the framework of our national defense system.

Therefore, as far as we are concerned, we will never allow the weapons of the national defense system to be sold or disposed of. It is true that from now on we will be a smaller force, which is more in keeping with our new peacetime situation. However, we must continue to be a permanent backbone capable of mobilizing all reserves and militias in the event any situation arises. We hope this will never happen again, but, based on our past experience, we must be prepared. So this armament will always be needed.

What we are doing now is picking up the arms that are in the hands of civilians throughout the country. We will keep the weapons in military armories, but will have them ready for the Army to deploy in an orderly manner, like in Switzerland, if any situation arises. Therefore, the report that we are selling weapons is false. [end recording]

FSLN on Pichardo Removal From Assembly

PA2908181990 Managua Sistema Nacional de Television Network in Spanish 0300 GMT 22 Aug 90

[From the independent newscast "Extravision"]

[Text] Here is a communique issued by the Sandinist National Liberation Front [FSLN] National Directorate:

The Secretariat of the FSLN National Directorate reports to the Sandinist militants and Nicaraguan people that Comrade Javier Pichardo was removed from the Sandinist Assembly for committing a series of errors. The situation was discussed with Comrade Pichardo in a constructive spirit. He will continue to exercise his rights and duties as a Sandinist militant.

This is what the FSLN National Directorate communique states.

Today we talked to former Colonel Javier Pichardo, who said he would be meeting with the FSLN's National Directorate Executive Commission this afternoon. We learned he met with Commander Daniel Ortega Saavedra in the presence of Commanders Henry Ruiz and Luis Carrion, and Comrade Rene Nunez Tellez. The meeting was held in a very constructive and highly fraternal spirit. The prevalent criterion at the meeting was to preserve and strengthen the unity and development of the FSLN as a party.

Daniel Ortega Comments on Persian Gulf Situation

PA2908221490 Managua BARRICADA in Spanish 27 Aug 90 pp 1, 5

[Report by Juan Ramon Huerta]

[Text] Pancasan, Matiguas—Commander Daniel Ortega yesterday underscored the danger of the Persian Gulf situation, because the powers have united and are subordinated to U.S. hegemony, and as a result of this situation, a blunder could not only jeopardize the safety of the people of the United States, but the entire world.

Ortega made this statement before hundreds of peasants and long-time FSLN [Sandinist National Liberation Front] followers who gathered here to mark the 23rd anniversary of the Pancasan heroic deed [guerrilla attack against National Guard during Somoza regime].

The Sandinist leader regretted that the same powers did not react in a similar fashion to the U.S. invasion of Grenada and Panama; that they only reacted verbally "but there were no actions to block the United States or adopt other measures."

Ortega said that the powers are there because there is petroleum—because they are hungry for petroleum. We advocate a position favoring international law that leads to the democratization of the world to ensure that all nations have equal rights and duties, he added.

Ortega said that the current situation is antidemocratic because the powers have a privileged position over Third World nations.

He recommended a negotiated solution to the conflict because the U.S. Government is violating international law and is trying to solve a problem that the Arab people should be solving within the framework of the United Nations.

In his speech to his long-time followers and survivors of the Pancasan heroic deed, Ortega said that the FSLN will continue to defend the peasants' right to own land and all their social achievements.

"We are obliged not only to defend those who have received land over the past few years, but continue to struggle for those who have not received any land regardless of whether they are Sandinists or not, because everyone has the right to own land and work it," the

Sandinist leader told a large crowd of peasants comprised mostly of long-time followers.

Commander Ortega arrived here shortly before noon and greeted the closest participants in this historic deed that was one of the most important in the political history of the FSLN since its emergence from the country's northern mountains.

Orteg.. mentioned the sacrifices and the best experiences of this first military and political challenge of the FSLN, as he recalled those who were killed in combat and the contributions of area peasants such as Victor Guillen (Eulalio), who knew these mountains like no one else and who led one of armed contingents against the National Guard in 1967.

The Sandinist leader said that the military defeat in Pancasan and its subsequent consequences can never be compared to the 1990 electoral defeat.

Ortega added that "at that time we were only a few people, two members of the national directorate were killed in combat, and the National Guard occupied the mountains in one of the most repressive actions against the peasants. On the other hand, we are now experiencing a new phase; February's electoral defeat only marked a transitory period. Moreover, we now are in better condition and a better position to defend the revolution as the opposition, which is a novelty in Latin America."

As for the current situation, Ortega called on the Sandinists and peasants to unite, even those who were deceived into waging a war against the people and are now facing a difficult situation, to defend their basic achievements, especially their pieces of land.

The leader said that the peasants cannot relinquish their achievements, such as land ownership by the people, and in this regard he recommended: "We must find land for the former rebels, but that land must not be the land of cooperatives or producers, because some large landowners have more land than they need, and there is also idle land available."

Ortega said that besides owning land, the peasants should have the right to receive soft loans, because denying or conditioning them would be tantamount to denying the peasants their basic right to produce.

* Reportage Debates Future of FSLN Directorate

* Commentary Calls for Ratification

90CA0102A Managua BARRICADA in Spanish 22 Jul 90 p 3

[Commentary by Aldo Diaz Lacayo]

[Text] After listening attentively to Major Tomas Borge's lengthy, detailed response on the subject of his concern over unity of the Sandinist Front, Gonzalo Barrios, clear-sighted patriarch of the Democratic Action Party (AD), co-founder of the modern Venezuelan democracy, author of its consolidation, and focal point of its stability, reminded Borge of the old political axiom so often forgotten by most Latin American leaders: "Parties are never divided by the rank and file. The rank and file weaken parties when they abandon them, but do not divide them. Political party splits always originate in the leadership." Barrios' words contained a manifest double meaning: first of all, a message of congratulations, sharing Borge's optimism, and second, a friendly warning over the inevitable post-election crisis which appears magnified when seen from other countries.

Barrios' concern is like that of so many other friends of the revolution and Sandinist Front everywhere in the world, Latin America and West Europe in particular. Everyone knows the national leadership of the Sandinist Front is a historic leadership and an inherent part of the party, the product of 20 years of revolutionary struggle, plus another 10 years in power, leading Nicaragua to a position of international leadership by virtue of its ideological boldness and political wisdom and making the Sandinist Front a model of revolutionary movements for Third World nations. For that reason, the national leadership of the Sandinist Front has its own historic authority, recognized by its own and other peoples, indisputable and unrenounceable.

Furthermore, it is a well-known fact that the national leadership is also the product of the coming together of three factions of the Sandinist Front which had split for tactical reasons and later reunited for strategic reasons in the formation of a monolithic, collegial leadership able to withstand the test of 10 years of American aggression—with the active (or tacit) support of other governments—and propose bold, negotiated political solutions that finally dissipated doubts harbored by some as to their democratic vocation and voiced by others concerning their revolutionary vocation. Both now declare a greater degree of commitment to the People's Sandinist Revolution and thereby demand and expect maximum internal unity in the Sandinist Front, obviously beginning with the historic leadership. This is an objective fact.

In other words, the National Leadership of the Sandinist Front is more an impersonal collective entity expressing the historic interests of the revolution than it is a grouping of individuals seeking different circumstantial interests within the framework of the same political organization. If this situation were reversed, that is, if the impersonal collective entity were to disappear and give rise to a grouping of individuals, however close they might be to their own interests, then the National Sandinist Liberation Front would cease being the party it has been up to now and emerge as a new party. Its historical origins and impersonal collegial nature as the national leadership are a guarantee of the unity of the Sandinist Front and its survival. It was not in vain that imperialism tried to liquidate the national leadership, using every possible means over the past 10 years, and it

has now stepped up its aggression by trying to take advantage of the alleged confusion produced by the election defeat.

Validating the Historical Leadership

It is therefore completely futile to try to break up the national leadership. To put it another way, except in the case of an express and manifest ideological break, the actions and personal attitudes of its members do not distort the historical origins or impersonal collegial nature of the national leadership. Consequently, to single out certain members and extend privileges to others, as is now being done, will always be interpreted as potential division, as demonstrated by the concern of the friends of the revolution and Sandinist Front throughout the world, particularly because this must be a decision by the national leadership itself and not the rank and file. In other words, reality cannot be concealed behind rhetoric for what are as yet unexplained reasons. Indeed, only certain members of the national leadership appear to be acting organically as leaders of the party, while the others assume discreet, secondary, protocolar roles at best. Whether or not this situation is the actual result of the election defeat, this is how it is read by the rank and file and friends of the party throughout the world.

Rectifying this false image and validating the historic authority of the national leadership is the party's most important and most urgent task. It is true that when the government lost the Sandinist Front, the Executive Committee and its Coordinator assumed greater relevancy, just as that of other members performing government functions declined, but this does not explain what is behind the reorganization of the Executive Committee or the ostensible remoteness of certain members of the national leadership traditionally active in substantive duties. Nor does it explain the emergence of a qualitatively important faction which appears to be associated with the Coordinator of the Executive Committee, assuming positions that emphasize pragmatism at the expense of principles. This is the stuff of which rumors are made, fueling the imagination of speculators, whether innocent or serving the cause of our enemies, rumors that confuse the rank and file and either demoralize or radicalize them.

The historic authority of the national leadership must be preserved for the benefit of the unity and survival of the party and not be a subject for discussion at the first Congress of the Sandinist Front. On the contrary, the congress must ratify the undeniable historic leadership of the national leadership, which must be reflected in the new organic structure of the Sandinist Front. This does not contradict the need to elect new executive authorities for the party, who may be individually chosen by the members of the national leadership and whose relationship to this collective entity must be well-defined in statutes that must also be approved by the congress.

The national leadership can no longer be the absolute executive authority of the Sandinist Front, but it cannot disappear either or fail to be recognized without entailing the risk of division.

* Commission Membership Scored

90CA0102B Managua EL NUEVO DIARIO in Spanish 30 Jul 90 p 2

[Commentary by Rosario Murillo]

[Text] Over the past 10 years, based on an understanding of the limitations inherent in cultural work, which in many ways may never cease being elitist, in the sense that it is promoted by a tiny group of individuals, I have tried in vain to become directly involved in political work at the grass-roots level. At various times I have asked (and know that other comrades have done so also) FSLN [Sandinist National Liberation Front] organizations and social movements to allow me to participate in their efforts so as to enjoy the privilege of direct contact with the people. The fragmented way our work was done caused this right to be denied to many of us. Furthermore, it should be remembered that "to be booked" for seeking such a possibility individually meant giving the appearance of trying to vie with those officially assigned to a given task.

At an assembly this Saturday (in which I had the privilege of participating thanks to AMNLAE [Luisa Amanda Espinoza Association of Nicaraguan Women]), several comrades from District 6 complained (to Doris and me) about our absence from grass-roots political work in recent years. Because the same complaint has frequently been addressed to me as time has gone by, I feel obligated to express my thoughts in public about a problem I am certain has affected dozens of Sandinist activists for whom the fragmented conception of work and the feudal system which each individual has created around himself have rendered it impossible to be nourished by the enriching experience of grass-roots work.

The average man or woman is justified in complaining about the fact that Sandinist activists are totally cut off from rank-and-file organizations. We activists have an obligation to protest such a lack of communication, expressed in a segmented style that has helped promote feudalism and bureaucracy and impeded any participation or contribution from organization members and thousands of "independent" Sandinists, many of whom, by virtue of their work, steadfastness, level of awareness, and political development, have earned the right, not only to card-carrying structural membership, but also to active participation in discussions and the programming of tasks of the revolutionary movement.

I sincerely believe that all Sandinist members have the immediate obligation to become directly involved in grass-roots political work. We must learn from the natural wisdom and political development achieved by this heroic people of ours throughout the years of the revolution. We must learn to hear their critical proposals and gather from their lips and hearts their proposals for reorganization of the FSLN, next year's congress, and the

internal revolution, which, I emphasize, must take place within the Sandinist membership. I also believe that this must not be merely a plan for the future, but an activity to be carried out now, in terms of the congress and the work of 1991 and the future. I think we must start now to make use of the right we revolutionaries all have of contributing in the planning of the forms of struggle of every social movement and the FSLN itself, so as to defend the revolution actively and every day, in the face of reactionary attempts to institute the involution and return to the reign of the rich and the Somocists, the minority, over the poor and the Sandinists, who are the majority.

During the weekend of 16 and 17 June in El Crucero, new styles in the FSLN were discussed. It was stated that the professional structure would disappear to make way for full participation of all Sandinists in the different social movements and party itself. There was talk of profound critical reflection, of continuing commitment to the defense of the people's conquests. There was talk of change.

On this subject I wish to make two remarks, beginning with change. I fully share the opinion of Francisco Xavier Chamorro, as expressed in EL NUEVO DIARIO a few days ago on the organizing commission for the next FSLN congress. I believe that if we are speaking of critical reflections and change, the Sandinist Front should nominate and elect to that commission natural leaders from the majority sectors of the population, individuals not known nationally because they have never received any attention (the FSLN has never had any cadre policy and in recent years the same people have always been promoted). The inclusion of new figures known to the rank and file while unknown to the media would have made this commission more representative. Although legitimized by the national leadership, it offers no new faces and, consequently, would not seem to be any indication of the new styles we all want to see. This opinion is shared by many comrades, although they do not say so openly (I tried to express it at the assembly but I believe that time prevented me from gaining the floor), and is creating an unfavorable current that may well detract from a process that must be absolutely transparent in order to be absolutely unquestionable.

The natural leaders to whom I refer not only did not have any possibility of being nominated or elected but, in addition, may not even have been able to attend the El Crucero assembly. Many of those who attended, invited for the first time to a meeting of this type, according to one comrade, an anonymous rank-and-file leader, were overwhelmed, in space and manner, by the tone and volume of those who have always held the floor.

I think the national leadership could perhaps still revise procedures, hold consultations, and, one would hope, expand the commission with new names and new faces which, I am sure, would supply a fresh, invigorating vision for its work.

Second, I wish to say that for me, full participation—meaning of the real Sandinist membership—means the incorporation of everyone into the FSLN reorganization process, starting with grass-roots work that will insert us into the formative process of listening, learning, and contributing, not from circles of chosen [elegidos] (and not elected [electos]) leaders, but from the rich field of the rank and file. I believe that to do so in the different structures—whether or not they are professional—of the FSLN and revolutionary social movements, we must discard the frequently still feudal and segmented optic, the sense of competitiveness or biased participation. And when I say "everyone," I am referring, not only to those of us who, for one reason or another, are known, but to thousands of leaders and Sandinists who, from the grass-roots level in all sectors, are demanding—and assuming—the right to be heard, to participate, without buffers or go-betweens, patronage or ties, as our comrades in Villa Venezuela said on Saturday. Above all, without middlemen who mediate for themselves.

Concerning the individual attitude of the members, I think it is healthier and more correct to be belligerent, meaning to insist, to fight for what we deem to be our right, to fight for access to the continuing source of wealth which the people are, even if it means exposing ourselves to the usual criticisms of "meddlers," "interlopers," and so on. Personal motivation today may only be the social interest of moving our revolutionary process forward from the Sandinist Front. This approach may sometimes appear a bit out of focus, but I think this will be the exception and not the rule. I repeat that we all make up the Sandinist Front and we all have responsibilities and rights. In the first and last instance, it is preferable that we be called "meddlers" by those who mistakenly believe themselves to be the sole owners, rather than be criticized and branded as absentees by the people, who are the sole, rightful owners of everything and of all rights.

* Collective Leadership Viewed

90CA0102C Managua BARRICADA in Spanish 1 Aug 90 p 3

[Commentary by Silvio Prado]

[Text] There can truly be no doubt that the congress has already begun and, judging by the debate initiated by Aldo Diaz, it has begun with the most controversial issues. We Sandinists have finally taken up the task of hashing out one of the most dogmatic aspects of our political ideology: the national leadership.

But inasmuch as the rough and rugged paths and interlineations of each seem, consciously or unconsciously, to confuse the national leadership with every member of the national leadership, I consider it necessary to ransom or underline the historic contribution which Sandinism has made to the revolutionary movement through the exercise of a collegial leadership—atypical in these

parts—in the adoption and discussion of its most important decisions as the party leading the People's Sandinist Revolution.

As an executive organ, the national leadership reaffirms, today more than ever, its purpose as the collective organ of leadership and the special feature of not placing the burden of leadership of the revolution on a single person during one of its most important—if not the most important—phases.

Likewise, improving the collective leadership would be most suitable for a party that claims to render its organization more flexible and its operation more democratic.

It would be foolish to go back to outdated centralist, unipersonal formulas, as demonstrated by recent decisions of other progressive and revolutionary parties that have preferred to distribute maximum responsibilities to other members of the leadership. Naturally, the problem of these comrades has been believing that the modernization of their organization must include assimilation into a society they could not change.

The same thing would happen here in Nicaragua if we began to believe that the modernization of the FSLN [Sandinist National Liberation Front] is a sufficient condition for discarding our most valuable historic traditions and that, like anti-imperialism and the revolutionary nature of our party, the national leadership is done and over with and we should therefore adopt more attractive and more acceptable formulas before the transnationals of politics.

Now then, if we speak of the members of the national leadership, matters change. We shall necessarily have to evaluate their work since 1979, up to the date of the congress, ratify or elect its new members, and clearly define its authority.

At the beginning of one article, I labeled this matter as quasi dogmatic because that is what we learned: nine comrades who, by virtue of their merits and qualities, would occupy the highest leadership posts of the FSLN for life...and furthermore, would not have to run for reelection.

Perhaps this was our greatest mistake from the functional and organizational standpoint: not having subjected our highest leaders to the vicissitudes of temporary service, scrutiny, and eligibility.

However, we now have the opportunity, very rare in the history of revolutions, to correct this provision and place the members of the national leadership on the scales of deeds and results, as members who have received such high posts and for which they will be called to account.

The mistakes and failures which such an examination (the congress) yields would not necessarily be to the detriment of the national leadership as an experience of collective leadership. On the contrary, they would make it possible to refine methods and styles of work so that, in the future, FSLN leaders will do their duty without having to resort to the support of feudalities or elites.

The efforts we all make in this process in preparation for the congress would surely help us combine the best of our experience. To date, in a reality as complex as our own and with a Sandinist and revolutionary potential originating in all social sectors, there is still no evidence that there is any better alternative of leadership for the FSLN than collective leadership.

Panama

Linares States No Negotiations on U.S. Bases

PA2908183390 Panama City EL PANAMA AMERICA in Spanish 29 Aug 90 p 1

[Report by Juan Pritsiolas]

[Text] Foreign Minister Julio Linares said on 28 August that he would not sign a new treaty permitting the U.S. military presence after the year 2000, and he warned that before doing so he "would rather resign and go home."

Speaking on Radio Ancon, Linares reiterated that the government is not going to extend the use of the U.S. bases on the banks of the Panama Canal. According to the Torrijos-Carter Treaty, the bases must be dismantled by 31 December 1999.

Retired General Ruben Dario Paredes, former National Guard commander, recently said there is a plan to justify and maintain the U.S. military presence in Panama after the year 2000.

"Tell Paredes that he can be sure that Julio Linares would not sign such a treaty, which, perhaps, he would like me to sign," the foreign minister replied. Linares also said the discussion of this topic is up to the governments that come after the Endara administration.

"I will not sign such a treaty because I would rather go home. Such resignations never occurred during the 21 years of dictatorship. No official ever resigned then because of principles or conviction; instead they went home when they were no longer wanted" in the government, he added.

According to Linares, "it would be absurd" to now negotiate a treaty, which, in the best of cases, would go into force nine years later. If the current government does this, it would be acting "hastily and would be justifiably criticized," Linares added.

Minister Says Patrols To Stop by Year End

PA3008042790 Panama City ACAN in Spanish 2347 GMT 29 Aug 90

[Text] Panama City, 29 Aug (ACAN-EFE)—Panamanian Foreign Minister Julio Linares said today that the U.S. military police patrols in Panama will end before the end of the year.

Since the 20 December U.S. invasion, U.S. soldiers have strolled the main cities of Panama with Panamanian policemen.

The joint patrols have been gradually reduced, and today Linares said in a news conference that "it is expected that the joint patrols will end by 31 December at the latest."

Lieutenant Colonel Fernando Quezada, the National Police director, recently told ACAN-EFE that the U.S. military presence outside of the U.S. Army bases along the banks of the Panama Canal has been reduced to nearly "symbolic levels."

Over the past few months, several political organizations and the Catholic Church have asked for an end to the U.S. Army intervention and the withdrawal of U.S. troops to their bases.

New National Institute Rector Takes Office

PA2908135290 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Aug 90

[Text] Provincial supervisors and primary and secondary school directors took office this morning in the presence of Education Minister Ada Luz de Gordon and other ranking education authorities. Aristides Sanchez, the new rector of the National Institute, was among them. Later the education minister addressed those present, saying that the professors are the basis for change in our children and youth and that this new democratic government expects much of them. Minister Ada de Gordon and the new National Institute rector were questioned by reporters.

[Begin recording] [Gordon] The problem of controlling vandalism in the streets is not a problem of the Education Ministry, but a problem of the Public Force. Our responsibility involves those actions that occur on the school premises. Thus far, I can tell you that the Education Ministry always strives to find answers, but always in respect of the authorities.

[Reporter] The professors are planning to stage a march tomorrow. What can you tell us about that?

[Gordon] That march is related to the problem of wages, which is a problem that has been resolved. We are beginning to pay teachers today. I can tell you that there is an underlying interest in provoking destabilizing situations. I ask my fellow educators to return to their jobs and to work peacefully after their wage problems are resolved.

[Reporter] Concerning the problem of the National Institute students in which Attorney General Rogelio Cruz has taken an interest to mediate, is the Education Ministry willing to have mediation in the problem?

[Gordon] We have always been open to dialogue. What I can tell the attorney general is that he should see to matters of justice, which are his basic problems and have still not been resolved.

[Sanchez] Our objectives are to achieve an institutional climate adequate for work. Our short-term objective is to reopen the institute as soon as possible. Another of our objectives is to rescue the integrity of the National Institute. A third objective that can be achieved during my administration is to rescue the glory of the institute, which has been lost.

[Reporter] Mr. Sanchez, what else do you plan to do to restore discipline in the institute?

[Sanchez] When I say to rescue authority, that is exactly what I mean: to restore authority and discipline in the institute. [end recording]

Argentina

Foreign Minister on Persian Gulf Conflict

PY2908153990 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2226 GMT 28 Aug 90

[Text] Buenos Aires, 28 Aug (NA)—Foreign Minister Domingo Cavallo has stressed that the Persian Gulf conflict "will provoke a very large distortion in the world economy." He warned that in the case of the Southern Cone of Latin America "the impact on Brazil, which needs petroleum, will also affect our country" indirectly.

Cavallo recalled that Argentina and Brazil are embarked on an integration process and that their bilateral trade surpasses $1 billion.

Referring to the possibility of sending Argentine troops to the Persian Gulf, Cavallo reiterated that the United Nations "has not yet made any request," indicating that the topic "is being artificially splashed on the front pages of the newspapers."

He indicated that if Argentina does receive a request from the United Nations then "the human and materiel [word indistinct] that are apt for this type of action" will have to be evaluated.

In an interview published by the newspaper CORDOBA, the foreign minister denied the existence of disagreements regarding the sending of troops to the Middle East, and he stressed that "the defense minister's remarks are identical to the remarks I have been making since the beginning of the crisis."

He added: "There are three people who can who can speak officially on this matter; the president, the foreign minister, and the defense minister. They have said that we will not send troops to the Gulf unless there is a UN request based on a Security Council resolution."

He indicated that one of the reasons why the Foreign Ministry was concerned about denying the rumor of sending troops to join a multinational force "was due [words indistinct] lies that could harm the situation of the Argentines trapped in Iraq and Kuwait."

In a critical tone, Cavallo said: "There are people who like war and who always want to be in the middle of one. They are convinced that the only way to stay in the good books of the United States is to imitate it."

"This is not the position of the Argentine Government, and it has helped our fellow countrymen to leave Iraq," he said.

Iraqi Ambassador Welcomes Mediation by Menem

PY3008013090 Buenos Aires DYN in Spanish 2338 GMT 29 Aug 90

[Excerpt] Buenos Aires, 29 Aug (DYN)—Iraqi Ambassador to Argentina Taha al-Basri stated today that "any mediation by President Menem in the Persian Gulf conflict would be appreciated." He declined, however, to comment on what would happen between the two countries should Argentina send troops to the region. He stated: "We diplomats and politicians do not do work based on theories."

The ambassador stated: "The important thing is that at this moment, the (Argentine) Government has not yet decided to send troops, and we are very satisfied with this position, which we hope will continue because it is a very wise position."

The ambassador made these remarks in an interview with DYN in which he also referred to current relations between Iraq and Argentina, the Condor-II missile project, and trade between the two countries.

When asked for his opinion about the Argentine president, the ambassador said: "As an Arab I think the Arab governments admire President Menem because he is the son of Arabs, and this will help strengthen relations between our nations."

He added: "Any mediation by Menem in the Persian Gulf conflict will be appreciated because he has very good relations with Arab countries, although he will have to decide on the steps he will take."

President Menem has never made any reference to a possible mediation in the Persian Gulf crisis, although he did try to mediate in other conflicts in the Middle East and in Panama.

When asked about the Condor-II missile, which according to Argentine officials is no longer being built, the ambassador said: "As a diplomat I have no information about reported Argentine sales of missiles to Iraq." [passage omitted]

Defense Official Replaced in 'Surprise' Move

PY2808235090 Buenos Aires BUENOS AIRES HERALD in English 28 Aug 90 p 1

[Text] (NA-DYN)—In a surprise Defence Ministry shake-up, retired Colonel Jean-Charles Uranga resigned or was removed as under secretary for defence production and president of the Fabricaciones Militares [FM] military industrial complex.

Juan Jose Basualdo was appointed yesterday to head the undersecretariat and Nicolas Granillo Ocampo named to man FM. (Uranga had held the two posts since General Pablo Skalany resigned as FM chief).

Basualdo—a businessman who knew President Carlos Menem in La Rioja when the head of state was in prison—and Granillo Ocampo—brother of the presidential legal and technical secretary—were reportedly proposed for their new posts by Menem.

Government sources also disclosed that Carlos Anzorregui has been appointed president of the Bahia Blanca petrochemical complex, in the framework of a complete

restructuring scheme in the defence area towards an overall budget adjustment and the government's commitment to privatize state-owned defence companies.

Anzorregui's two brothers, Hugo and Jorge, are State Information Secretariat (SIDE) head and Defence Minister Humberto Romero's adviser.

Brazil

Bureaucratic Process Delays Exit Visas in Iraq

PY2908133890 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 29 Aug 90

[Text] The Brazilian Foreign Ministry has stated that the Iraqi Government is experiencing delays in issuing exit visas to Brazilians because of bureaucratic proceedings. The following is a report by reporter Gustavo Mariani:

[Mariani] Foreign Ministry Spokesman Jose Vicente Pimentel has explained that several Iraqi ministries are involved in studying exit visa requests and that this is where the delay occurs. He added that no exit visas have been issued since 24 August.

Regarding the Brazilians who have been contracted by the Iraqi Government to work on military projects, Pimentel reported that they have identified themselves as independent engineers and that these Brazilians avoid contact with other Brazilians in Iraq. These engineers are not employed by the Mendes Junior Company, the Maxion company, or Volkswagen. There are 22 engineers working on aeronautics and missile development projects.

Brigadier Reportedly Researching Weapons in Iraq

PY2908155990 Rio de Janeiro O GLOBO in Portuguese 28 Aug 90 p 15

[Text] Sao Jose dos Campos — According to relatives and people linked to the HOP [Hugo de Oliveira Piva] Consultant Company, Reserve Major Brigadier Hugo de Oliveira Piva has now been in Europe for approximately two weeks and will not return to the country before the end of this week. The brigadier telephoned his office on 24 August, but he did not say where he was because of security reasons.

The brigadier intended returning to the country over the past weekend, but he has now stated that new commitments had emerged that would keep him in Europe for another seven days. He has avoided giving precise information about his commitments, the projects in which he is involved, and the work and travel itinerary. He also refused to give any information over the telephone fearing that an extension of the Middle East crisis could create unfavorable conditions for his work as a military consultant, and even for his life.

Before travelling, the brigadier told some friends that he had been surprised by the invasion of Kuwait by Iraq because he had observed that Saddam Husayn's Government appeared to more interested in obtaining technological capability for his country, especially in the aerospace sector. The installation of laboratories and research centers with the help of several countries during the past few years seemed to point to this fact. The brigadier also transmitted offers of joint development with Brazil, or the financing of Brazilian projects that would have technological advantages for Iraq. According to those same friends, the brigadier believed that the Arab countries would act in a united form to dissuade enemies or to prevent divisions that would harm Arab positions regarding Israel.

This is why the brigadier agreed to contract 23 experts in September 1989 who would be willing to travel to Iraq to carry out autonomous research. They are working on the development of aerospace technology and projects for the improvement of missiles, communications systems, and the military use of satellites and weapons industries, according to the brigadier's friends.

Most of the families of the Brazilian engineers remain calm and consider the news on the situation in the Persian Gulf disseminated in Brazil to be exaggerated. All of them defend the right of the experts to use their knowledge and carry out their jobs wherever they want. Meanwhile, some of the relatives of the experts fear that their links with Iraq's technological-military effort places their lives in danger, especially from the Israeli military community.

Minister Says Contacts With Iraq 'Illegal'

PY2908192090 Rio de Janeiro O GLOBO in Portuguese 28 Aug 90 p 15

[Report by Marcia Marques]

[Text] Aeronautics Minister Brigadier Socrates Monteiro said yesterday that when the Brazilian Government decided to join the economic blockade ordered by the UN Security Council, any contact between Brigadier Hugo Piva—who heads a group of Brazilian military specialists acting as advisers in Baghdad—and the Iraqi Government became illegal. He explained that Piva is a well-known scientist and that, since he has already left the FAB [Brazilian Air Force], he can work wherever he wants. On 25 August, during the Soldier's Day commemoration at Army headquarters, Monteiro said that the Brazilian reserve officers working in Iraq would be punished in Brazil.

The minister said the fact that Brazil sold arms to Iraq in return for oil in the 1970's has been maliciously exploited. He noted that the countries that really armed the Baghdad Government were the PRC, the USSR, and France, because Brazil supplied Iraq only with some Tucano training planes and armored vehicles. He said that what is really happening is that Brazil has begun to annoy the traditional arms suppliers by refusing to be a client and by demanding to be a partner. Moreira also denied reports that the Piranha missile project, which

was developed by the Aerospace Technology Center (CTA), has been taken to Iraq by companies owned by Brazilian reserve officers.

After denying that Brazil wants to buy an IBM vector-processor supercomputer to build an atomic bomb, he explained that this type of computer is very important in speeding up calculations, thereby expediting the evaluation of aircraft projects, for example. He said that the computer is being purchased by Embraer [Brazilian Aeronautics Company].

He said: "I have been officially informed by U.S. Ambassador Richard Melton that the U.S. Government authorized the transaction when U.S. Trade Representative Carla Hills visited Brazil. The deal may have been delayed because of bureaucratic problems, but as far I as know, the purchase of the supercomputer has been authorized."

The minister said that he believes that "it is necessary to reformulate the armed forces concept all over the world. Furthermore, it is necessary to reformulate operational doctrines."

He went on to say: "I do not mean to say that current doctrines should be eliminated. The current situation justifies a reformulation of the role. This will be a challenge for countries like France, England, and Italy."

Colombia

ELN Willing To Negotiate With Government

PA3008034690 Madrid EFE in Spanish 2338 GMT 29 Aug 90

[Text] Bogota, 29 Aug (EFE)—The National Liberation Army [ELN], Colombia's most radical rebel group, has unexpectedly announced that it has become the lead organization on the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] and that it will seek to talk with the government.

The announcement was made in a press communique released today in which, for the first time in 23 years of armed struggle, the ELN expresses a willingness to talk with the government.

The document delivered to the media regrets the death of Jacobo Arenas, ideologist of the pro-Communist Revolutionary Armed Forces of Colombia [FARC], who died of a heart attack on 10 August.

Arena was the mouthpiece for the CNGSB, an amalgamation of the guerrilla organizations that operate in Colombia and joined forces in October 1987.

The CNGSB included the 19 April Movement [M-19], which disbanded, returned to civilian life, and in March became a political party. The CNGSB also included the pro-Maoist Popular Liberation Army [EPL], the indigenous Quintin Lame Movement, and the pro-Trotskyist Revolutionary Workers Party [PRT], all of which are negotiating with Colombian President Cesar Gaviria of the Liberal Party.

The ELN had always turned down all attempts at rapprochement with the government during the administrations of Belisario Betancur (1982-1986) and Virgilio Barco (1986-1990), which offered peace to the rebel organizations that desired to return to civilian life.

FARC signed a truce with the Betancur government in March 1984. The truce, however, was broken some months later when it was reported that FARC and the Army continued to fight in various areas of the country.

Toward the end of the Barco administration and early in Gaviria's administration, FARC reiterated its intention to enter into a reconciliation process.

In addition, the ELN has always opposed all types of negotiation and, to the contrary, over the past few years has stepped up its armed activity by ambushing military units, taking over towns, and perpetrating attacks against the country's oil infrastructure.

In the communique released in Colombia today, the ELN takes over the CNGSB leadership in the negotiations with the central government and explains that this takeover has to do with the National Constituent Assembly.

The document states that the ELN has become the leader in the absence of Commander Arenas in continuing the revolutionary ideas according to their Marxist-Leninist ideology.

Colombian analysts today said that the CNGSB (FARC and the ELN) will attempt to gain one of the 70 benches in the National Assembly, which is expected to amend the Constitution.

On 9 December, Colombians will vote for registered candidates who will form the National Assembly that will try to amend the Constitution between February and July 1991.

In this regard, Gaviria's government last week issued a decree inviting citizens to vote for the Assembly and its members. The decree warned, however, that representatives of armed groups cannot attend the Assembly, which can be attended by delegates of guerrilla organizations that have been disbanded or are in the process of being demobilized.

PCC, EPL Designate Official Representatives

PA2908232490 Bogota EL TIEMPO in Spanish 27 Aug 90 p 12B

[Communique issued by Central Committee of the Communist Party-Marxist Leninist Faction, PCC-ML, and the Central Command of the Popular Liberation Army, EPL—place and date not given]

[Text] Given the latest communiques issued by the "Simon Bolivar" National Guerrilla Coordinating Board [CNG] that include Francisco Caraballo's signature on behalf of the EPL, the Central Command of the EPL and the PCC-ML have issued the following statement:

The 11th Plenum of the enlarged Central Committee of the PCC-ML and an extended meeting of the EPL General Staff have been held.

The Central Committee of the PCC-ML and the Central Command of the EPL publicly report to the CNG and to the national and international community:

1. The official spokesmen of the party who can publicly represent it are Comrades Anibal Palacio, Bernardo Gutierrez, and Jose Miguel Restrepo.

The Central Command and the Negotiating Commission represent the EPL. It is comprised of Comrades Bernardo Gutierrez, Jairo Morales, Carlos Alberto Restrepo, Octavio Hernandez, Omar Caicedo, and Marcos Jara.

Anyone who states that he represents our organization, other than those who are officially authorized, does not represent us.

(signed) Central Committee of the PCC-ML

Central Command of the EPL

ELN Blamed for 'Ecological Terrorism' in Cauca

PA2908202690 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 29 Aug 90

[Text] There are violent groups that do not want to leave the country alone. First it was actions against oil pipelines, then against forests, and now fish are the victims of ecological terrorism. The so-called Army of National Liberation, ELN, has caused 250,000 trout for export to die when it poisoned the waters of a fish farm near Popayan, capital of Cauca Department. It has also been reported that part of the water supply of Popayan might have also been polluted. According to observers, losses are estimated at more than 80 million pesos. Here is a report by Carlos Arturo Paez:

[Begin Paez recording] The video you are seeing shows the horrifying spectacle of a new method of terrorism. The workers of the El Diviso farm found close to 250,000 dead trout, weighing a total of 35 tons and costing 60 million pesos. Criminal hands poisoned the waters of Las Piedras creek, causing the disaster. Although the substance that was used and the perpetrators of this action have yet to be determined, the authorities believe it was done by the ELN. Their theory is based on the fact that 10 days ago this subversive group set fire to hundreds of pine trees in La Meseta, a few kilometers from the fish ponds.

This disaster worries the Cauca Department health agencies because the creek is used to supply the Popayan aqueduct. Water samples are being taken to decide whether restrictions on water consumption should be set.

If it is proven that the ELN committed this act of vandalism, the country will have been the victim of what experts describe as ecological terrorism. Although the latest action was carried out against the fish, in the past crops have been set on fire and rivers have been polluted when oil pipelines have been blown up. Colombia has yet to establish the magnitude of the losses from the (?13) attacks staged this year, or to determine how much it will cost to accomplish an ecological recovery in these areas. [end recording]

Ecopetrol Reports Higher Prices for Oil Exports

PA2908195590 Bogota Radio Cadena Nacional in Spanish 1200 GMT 29 Aug 90

[Report by Jairo Ernesto Tarazona]

[Text] Although many countries have been adversely affected by the Persian Gulf crisis, Colombia somehow seems to profit from it. The country has taken advantage of the high prices of oil on the international market, which stem from the crisis in the Gulf region. For example, 3 million barrels were sold at a price 66 percent higher than in July. Sale of crude abroad rose by five percent. The month's average price is approximately $25.05 per barrel. In addition, the Gulf crisis did not affect gasoline imports.

This information is contained in a report issued a few hours ago by the Presidency, which cites Ecopetrol [Colombian Petroleum Enterprise] President Andres Restrepo Londono. The sales of crude programmed by Ecopetrol for August, totalling 2,966,000 barrels, were completed in six shipments. Of this total amount, 2,604,000 barrels of crude came from the Cano Limon fields and 362,000 barrels from the Orito oil fields in Putumayo. Because of the increase in the price of hydrocarbons, the last two shipments of Cano Limon crude were sold at an average of $28 per barrel. In August, the average price for a barrel is close to the $25 mark, which is 66 percent higher than July's prices.

Until 25 August, fuel oil exports totalled 1,973,819 barrels, at an average price of $16.03 per barrel, not including the last shipment of 315,565 barrels. Compared to last month's prices, the increase of this derivative totaled 48 percent. The Ecopetrol report also noted gasoline was imported only at the beginning of the month, because stockpiles were high. However, this product was not affected by the price increase. At current prices, it costs an average of $34 to import a barrel of gasoline.

We must also point out that due to a recent easing up of the Middle East conflict, the price of crude dropped by $4 per barrel. The prices of gasoline, diesel, fuel oil, and other derivatives dropped. As for engine fuel, the price at the Gulf coast market dropped by approximately $6.50 per barrel, according to the Presidency.

Government Announces Gasoline Price Increase

PA3008041890 Bogota Inravision Television Cadena 1 in Spanish 0011 GMT 30 Aug 90

[Italicized passages are recorded]

[Text] The Colombian government today decreed a price increase for gasoline and petroleum byproducts. The price increase is 10 percent. The current price for regular gasoline is 267 pesos. The price increase is 26.70 pesos per gallon. Consequently, the new price is 293.70 pesos. The prices of the premium gasoline, kerosene, and ACPN [not further expanded] have also been increased.

[Finance Minister Rudolf Hommes] *The low pressure gas, or cooking gas, was not included in this price increase to alleviate the effect of this measure on the less affluent classes until the economy stabilizes.*

So far this year, the price of oil has been increased 36 percent. On 4 January, the price of regular gasoline was increased 26 percent. There are two reasons for the gasoline price increase. One is the Persian Gulf conflict. When a barrel of oil costs $30 on the international market because of the threat of war, the price of gasoline goes up as well. The other is that gasoline is subsidized by Ecopetrol [Colombian Petroleum Enterprise]. Consequently, if the price of gasoline is not raised, the corporation would have accumulated a $210 million loss this year. A barrel of gasoline costs 15,600 pesos on the international market. It is sold at 6,817 pesos. The loss subsidized by Ecopetrol amounts to 9,823 pesos, including handling and freight.

[Hommes] *The item that has increased the most in cost to Ecopetrol has been the price of gasoline imported this year.*

The gasoline price increase entails an increase in the price of most of the family basket articles, because freight will also increase. The government, through Minister Hommes, has said that it will never tolerate a price increase transferred to the ultimate consumers by more than half of one percent.

[Hommes] *This does not contradict the inflation plan. This is the first measure in the anti-inflation program. When we announced this program, we said that we would try to cut inflation to between 20 and 22 percent.*

Peru

Fujimori on Fuel Price Reductions, Budget

PY2908160690 Lima Television Peruana in Spanish 1100 GMT 29 Aug 90

[Speech by President Alberto Fujimori at the 61st anniversary of the recovery of the city of Tacna in Tacna on 28 August—recorded]

[Text] The economic measures implemented by my government and my political style have surprised many political sectors. Given the lack of new names or labels, they are using traditional terms for a really new, previously unheard of phenomena. Those political circles are confused and astonished that a technical approach is taking precedence over the political approach. They try to label the normal need to reestablish the principle of authority as authoritarianism. My government is simply interpreting the wishes of the Peruvian people, especially those of Tacna. [applause]

The defeat of inflation, which is our first objective, and the reactivation of the productive apparatus, which is the next immediate step, are part of our concern and duty to bring social and economic stabilization to the country. Once the uncertainty is over, once the principle of authority is reestablished and the productive apparatus is reactivated, we will have detoured Peru away from great danger. The political forces must understand that we are inspired—beyond conceptual differences—by a deep desire to reestablish economic stability and peace in Peru. There are clear signs that we are heading in the right direction, despite the ever-present difficulties. For example, we are recovering our hard currency. Only 25 days after our government was installed, the previously empty vaults of the BCR [Central Reserve Bank] had accumulated $150 million; in 15 more days, this amount will increase to $250 million, money which will be used for the well-being of the Peruvian people. [applause]

If some prices still lag behind inflation, as in the cases of kerosene, diesel fuel, and public utility rates, we will correct and update them through additional measures. [applause] Fortunately, as is happening with the prices of many staples, we will adopt measures not to increase prices but to reduce them. I have therefore ordered that the price of diesel fuel be reduced by 20 percent and kerosene by 30 percent. [applause] The reductions in the selective consumption tax [impuesto selectivo al consumo] for electricity will range from 30 percent to one percent. [applause]

Tacna friends, this favorable trend of lower prices is the most calming signal for our national economy. The government program, marked by fiscal discipline—which must be present in all government fields, especially in financial and economic management—must be aided by all Peruvians. Nothing will be achieved without sacrifice. We presented a draft bill for the 1991 national budget, which, after many years, is a financed [financiado] budget. This budget amounts to $3 billion. Now we will know how much we are going to spend; whatever adjustments must be made, they will be based only on new income. The government will not issue or forge any more money. [applause]

Hurtado Addresses Congress, Wants Special Powers

PY2908223290 Lima Domestic Service in Spanish 1629 GMT 27 Aug 90

[Speech to Congress by Juan Carlos Hurtado Miller, prime minister and economy and finance minister,

reporting on the government's general program, at the Chamber of Deputies building in Lima—live]

[Excerpts] [Passage omitted] Mr. President of Congress, Congressmen: In compliance with Article 224 of our Constitution, I have come to this joint session of the two congressional chambers with my cabinet members to report on the government's general program.

My report is divided into five parts. The first covers the country's situation up until 28 July 1990, including its economic, political, and social aspects. The second part includes the actions adopted within the economic stabilization program and social emergency. In the third part I will explain the objectives of the medium-term program and the development strategy, as well as the guidelines of the main reforms adopted by this government. In the fourth part of my report I will provide a wrap-up of the most significant aspects of the sectorial policies. Finally, in the last part of my report I will submit a request for legislative powers to conduct an overall reorganization of the state and the issuance of general laws to control government activities and the administrative system.

First: the overall situation in the country up to 28 July 1990.

Economic situation. At the end of the 1980's, Peru had a per capita production level equal to that of 1960. Our exports in 1989 were equal to only half of our exports at the end of the previous decade. Regarding social expenditures—that is, expenditures on health, education, and housing—the government's effort has also dropped to lower levels than at the beginning of the 1980's. Moreover, mortality rates among children between one and four years old have increased drastically over the past 12 months. Regarding the food situation, I must say that, as of 28 July 1990, the monthly consumption of food by almost seven million Peruvians was below the level of essential requirements.

It is not easy for me to refer to this progressive deterioration and its effect on all Peruvians; on the contrary, it overwhelms and worries me. However, the cabinet I am honored to preside over feels that to make the people understand the reasons behind our current and future actions, we must explain to the country the degree of our economic deterioration and the need to begin this effort, to begin the recovery process, with all Peruvians.

The steady deterioration of our chances for a happy and fair life, as experienced over the past few decades, has become increasingly dramatic over the past few years of the previous decade. This is due to previous governments' implementation of economic policy instruments that, contrary to the political objectives announced to the country, resulted in the accelerated impoverishment of the people, the disruption of social discipline, and hyperinflation.

What happened? Why didn't those instruments lead to the achievement of the proposed objectives? We believe that it has been proved here and elsewhere in the world that political demagoguery, generalized state intervention, exaggerated protectionism, inefficiency, and a lack of productivity lead societies that implement these instruments to economic destruction, to the deterioration of salaries in the poorest sectors, to the loss of sovereignty, to crisis and social anarchy.

The economic tools used during the previous administration were unrealistic. They made the people believe that the economic situation of the country was much better than it truly was. This, obviously, has had its cost. The stabilization program that we have been forced to adopt is now showing the profound distortions caused by these economic tools.

Past economic policies have caused distortions like indiscriminate subsidies applied to some prices and public utility rates and selected rates of exchange. Simultaneously, interest rates on savings and loans were far below the inflation rate, and tax exemptions were arbitrary and unrelated to increases in production. The government gave ever-increasing protection to the companies producing for the domestic market through tariffs and other types of protection. Salaries were increased through decrees and had no relation whatsoever to increased productivity. The prices of a number of goods offered by the productive sector were controlled. In short, the government was maintaining an entirely artificial situation. As I will explain, this situation could no longer persist unless we wanted to establish an ever-increasing anarchy in the country and to dismember Peru.

Among the negative results caused by the economic policies used by the previous administration, I believe it is important to mention the following:

1. The destruction of the state's financial viability.

The state's current financial incapacity to meet its minimum financial needs is the result of the populist, indiscriminate tax-exemption policies, of the progressive deterioration of the customs duty administration, and of the increasing imbalances in prices and public utility rates.

I must mention as an example that the income of the state-owned companies has decreased from 27 percent of the GDP in 1985 to only eight percent of the GDP in 1989. This significant decrease in the income of the state-owned entrepreneurial sector during the mentioned period has not only seriously affected these companies but has also contributed to increasing the fiscal deficit which, as you know, is the basic reason for the hyperinflation experienced in the country in the last years of the previous administration. The decrease in the state-owned companies' income has ironically favored the wealthiest Peruvians, and harmed—through inflation—our fellow country-members who could not protect themselves against it.

We must add that, as a result of the policies already mentioned, the fiscal income of the central government has also decreased from 15 percent of the GDP in 1985 to only 3.5 percent in 1989.

Gentlemen; I must point out that this income does not even cover the government payroll.

2. The deterioration of the quantity and quality of public services and public goods.

The progressive erosion of the public sector income, as well as its inability to finance its needs through the market has caused a cruel reduction of the public expenses for the social sector. Social sector expenses thus decreased from $45 per person in 1981 to only $13 in 1989. Compared to the figures registered in 1980, the budget for the sectors of health, education, and housing decreased by 12, eight, and 24 times in terms of percentage of the GDP, thus seriously affecting the quality and volume of these services. This situation has caused the mortality rate in certain slums to go up by 50 percent between 1987 and 1989. The current Peruvian mortality rate, which stands at 86 for each 1,000 children born alive, is 17 times higher than that of Japan, four times higher than that of Chile, and twice as high as in Colombia. Our life expectancy is 62 years, which is much lower than that of several of our neighbors such as Mexico, Colombia, Ecuador, and Chile.

The maintenance of our highways, ports, electricity grids, La Pampilla refinery, and of the water supply services have decreased considerably, thus causing the cost of living in the country to go up and by seriously harming our productive capacity. In the production of oil —a resource that is so necessary for our development—our daily production of 190,000 barrels in 1985 has decreased to 130,000 in 1989. As a result of the reduction in its income, Petroperu [State Petroleum Agency] began to fail the contractors who produce crude oil, thus increasing the operational problems of these companies and causing a reduction in their production.

3. The regressive formula for redistribution of the wealth and the increasing impoverishment of the most needy strata of society.

Although the previous government announced its intention of protecting the purchasing power of salaries, real salaries—the amount left after subtracting the inflation rate from the salary—they plummeted between 1987 and 1990.

Thus, real salary values decreased by 60 percent and, as the GDP decreased by nearly 20 percent during the same period of time, most of the weight of the previous administration's mistakes fell on the shoulders of the wage earners.

This clearly shows that simplistic and artificial policies caused much more harm to the poorest strata of society than to the wealthiest ones. The participation of the workers of the non-agricultural sector in the national income decreased from 35 percent in 1986 to 23 percent in 1989. Similarly, the participation of agricultural sector workers decreased from 12 percent in 1986 to nearly six percent in 1989. The generalized subsidies that were granted by the previous government, in causing a progressive deterioration of prices and public utility rates in the face of inflation, cost Peru about 20 percent of the GDP per year. This totals $4 billion a year. What does that mean? If we consider the last five years, Peru has lost an amount equivalent to its GDP for an entire year. Not included in this are the property losses of state-owned companies and the fee for the delay in payment of the foreign debt, which—together—amount to the loss of another year's GDP. This exaggerated state paternalism has specially favored the wealthiest strata of society and accentuated the unfair distribution of income in the country.

Fuel subsidies did not favor the poorest Peruvians because only one percent of the poorest one third of Peruvians buy gasoline, while practically all the 10 percent of the wealthiest Peruvians do. The telephone is a similar issue: Only one percent of the poorest one third of Peruvians has a telephone, while a high percentage of the wealthy strata of our society do. Finally, only 20 percent of the poorest one third of Peruvians have electricity, while all the 10 percent of the wealthiest Peruvians have it.

4. A profound economic recession and the resulting increase in the unemployment and underemployment rates.

In the last two years, the GDP contracted by 23 percent and this was the longest and deepest recession in Peruvian history. In 1983, when the El Nino natural phenomenon hit the country, the GDP decreased by about half of what it decreased during the 1987-1989 period. This decrease was caused by natural reasons and not closed policies such as those regrettably used by the previous government. By mid-1990, only 22 percent of Peruvians have an adequately paid job, while the remainder are unemployed or underemployed.

5. Hyperinflation and the loss of Peruvian monetary sovereignty.

The public sector's gradual loss of capacity to generate income forced the previous government to print more and more money thus, repeatedly, violating the Central Reserve Bank statutes. This irresponsible attitude has caused one of the 10 highest hyperinflation rates in this century, only comparable with the Bolivian hyperinflation registered in 1964, the Argentine in 1989, the Hungarian in 1923, and the Austrian in 1945.

The hyperinflation created by the previous government, which has been the fundamental reason for the massive impoverishment of Peruvians, has been the second longest hyperinflation in the history of the world, right after the Russian hyperinflation in 1922.

As I have just explained, Congressmen, the workers and those with savings in general have suffered the unfair burden of hyperinflation that has increasingly reduced the purchasing power of their salaries. Now, when we hopefully believe to be able to put an end to this anarchic and upsetting process of imbalanced prices and services, we realize that the country has lost its monetary sovereignty. All intis now in circulation—including the recently printed 5-million intis bills—converted into dollars, total only $200 million, although some say that, quote under the mattresses unquote, there are more than $1 billion.

In other words, because of hyperinflation and the previous government's determination to penalize savings in intis by paying interest rates that were insignificant compared to the inflation rate, Peru's formal financial system, in terms of the GDP, has been reduced to a fifth of the 1985 level.

6. Discouragement and the significant retraction of domestic and foreign private investments.

The previous government's arbitrary, capricious, and frequent modifications to the economic policy, the frequent and unnecessary confrontations with foreign investors and national businessmen, as well as the complete price anarchy, generated a strong state of anguish and uncertainty that eliminated all desire to invest or take risks in Peru. Consequently, overall domestic and foreign investments contracted progressively. In 1989, investments were lower than half of the average investments for the eighties. Moreover, over the past three years, overall gross investments were lower than that required to replace depreciation of the infrastructure and the industrial apparatus and machinery in the country. We are now paying for the cost of Peru's decapitalization process with recession, poor salaries, and unemployment. What is worse, if the situation is not reversed, as President Fujimori's government is beginning to do with the help of the Peruvian people, future Peruvian generations will face an even greater cost.

7. A large, poor, and inefficient state apparatus.

An impoverished country cannot indulge in the luxury of maintaining an excessive and bureaucratic public sector, therefore, the government that I have the honor to represent believes that to establish the grounds for the sustained growth we wish to attain in the future, we need a new, more expeditious, and efficient state apparatus. This state apparatus will be smaller and conducted by capable, well-paid public servants. Moreover, the previous government, unaware of the Peruvian reality, increased the physical size of the public sector by increasing the number of public servants by one-third and, at the same time, neglected the sound management that an effective state apparatus requires. Consequently, the profits for state-run enterprises, compared to the GDP, reached levels comparable to those of the early sixties.

8. Peru's progressive isolation from the international financial, commercial, and diplomatic sectors.

During the previous government, Peru became isolated from the rest of the world. The Peruvian people were told that the confrontation with the rest of the world was adopted for their defense and for their well-being. The negative results I have described undoubtedly reveal that this demagogic attitude did not allow the Peruvian people to improve their living standards or fulfill their aspirations. Every sovereign country, undoubtedly, has the right to decide whether or not to pay its debt to foreign investors. However, to permanently abandon the table of negotiations, to offend foreign organizations, and to deceive the creditors with hollow rhetoric is not only unnecessary but also very harmful to the country.

The previous government's attitude turned Peru into the black sheep of the international financial sector and, in addition to this, we inherited from it a foreign debt amounting to $20 billion, of which 60 percent is in arrears. During the past five years, Peru's foreign debt experienced a nine-percent average annual increase while Latin America's overall foreign debt only increased by two percent for the same period. Moreover, the policy to use 10 percent of Peru's exports to pay the debt did not prove effective since the overall net foreign income was negative.

Neither did the easy decision not to pay our debt improve Peru's situation. The previous government used the resources available to service the foreign debt in a fruitless attempt to promote consumerism. It made the people believe that the artificial situation it had created would last. That was obviously not the case. Now that the country is 15-percent poorer in terms of production per capita, Fujimori's government has to try and reach an agreement with our creditors to renegotiate the debt in the most favorable way for Peru.

The previous government even failed to pay international financial organizations such as the World Bank, the IDB [Inter-American Development Bank], and the IMF of which Peru is a founding member and shareholder. Consequently, it has lost the chance to obtain long-term financing for significant development projects. The new government also has to renegotiate the almost $1.9 billion in debts that are in arrears with those organizations.

It is also worth mentioning that our country's isolation from its creditors made our exports more vulnerable to discretional barriers than those of other countries which, although they also did not pay their debt, adopted more conciliatory positions.

This financial and commercial isolation also led us to a type of diplomatic isolation. In addition to isolating Peru from the external world, the previous government also made Peru a pawn of subversion.

Political situation

The downfall of the economic structure I mentioned was harmful for all sectors of social life. Its effect on the institutions on which society's structure is established had the same gradual impact as inflation in breaking the economy of special sectors. The most revealing and pathetic case involves political parties and Peruvian politics in general. Our active political tradition came to life with the birth of the Republic, but the first organizations that were later recognized as political parties did not appear until many years after the declaration of independence. [passage omitted]

The MRTA [Tupac Amaru Revolutionary Movement] and Shining Path subversive groups have put all political parties in the same basket and have made ruling party members the target of their crimes. This is why carrying a party card in some regions of Peru is a terrible risk. Silence over one's personal political ideology has returned, as it did during the hard times of tyranny.

It was thought that with promulgation of the law on political parties, some corrections would be made in the direction taken by political organizations, that bureaucracy and party boss leadership would be eliminated. I do not believe, however, that the formality of a law by itself would be instrumental in achieving that. A more complex and necessary task must be carried out to resume political life for building democracy.

First of all, we must all express our faith in democracy. If some people or groups try to destroy the system under the protection of constitutional freedom, it is obvious that they will thus seek to destroy the parties through all kinds of intrigues and plots that are really aimed against the people they are betraying. These are the people who are against democratic life. They are the ones who advocate the cult of personality, the theocratization of society, and submission to totalitarian rule as their basic principles. Fortunately, the world has isolated their spokesmen. The strongest revolutionary ideology, which inspired an international policy in some states, has died down in the midst of disappointment and failure.

Countries which advocated antidemocratic ideals are now in the process of learning about or returning to the model we have used since our independence. The people who are against the state should look at world changes. They should understand that a political society that tries to isolate itself from a world moving toward multiparty democracy has no chance for survival. The lesson democratic parties should teach is the belief that only personal decisions, not acts of sheer submissiveness stemming from a mistaken notion of discipline, count in party life. Innovative ideas should be reviewed in the light of new experiences to prevent a useless dogmatism and show everyone that leadership is more the result of a desire to serve than being involved in intrigue or being unconditional. Our parties would benefit greatly from planning for the future.

It is very important for parties to begin debating to point out their plans for the upcoming decades. We have not yet heard any ideas from the most important political parties in terms of Peru in the year 2000. We are only concerned about the immediate future, and this weakens democracy and jeopardizes the entire system. Democratic life cannot be strengthened by law alone. Words cannot change facts; it is the other way around.

In saying this, we are not minimizing the significance of the law. This is also important in other areas: the struggle against cliques in parties and supervision of the use of party funds. We have heard complaints about party nominations for public offices. Party nominations have not always satisfied the rank and file, and have created resentment.

We must grant internal party elections the necessary guarantees to defend the rights of party members, and for this we must use the law.

The same goes for controlling party budgets. The last electoral campaign was the most shameful example of this lack of control. Political parties should enjoy economic power attained through the equitable contributions of their supporters, not through the imposition of large personal contributions. A political party is not a tool for the most powerful; it is an ideological community. Any display of money in an attempt to occupy a privileged position is obscene and antidemocratic. The law must put an end to this harmful practice.

I must also emphasize that there would not be a democratic Peru without political parties, and that no political party is useful to our fatherland if it is not democratic. It has taken us a long time to reach this stage. Many have died defending their ideology in the street; many died during the civil war in the thirties; many have been unnecessarily murdered, and innumerable Peruvians have been imprisoned by secret police or stool pigeons for upholding their ideologies. Helpless citizens are currently being sacrificed to defend democracy. Too much blood has been shed throughout Peru's history to just ignore the role of the political parties in building this new Peru.

The Social Situation

The development of a country is measured, in objective terms, by the overall development and improvement in the living standards of its entire population and particularly in those groups that manage to achieve socioeconomic and cultural levels of well-being and dignity that they had not been able to reach in the past.

In Peru's case, the past three decades have represented an accumulation of policies for economic development, territorial integration, and social peace with justice.

It should be pointed out, however, that these efforts lacked continuity and sustained cooperation from the economic groups most able to contribute to the country's industrialization, to generate job opportunities, and to increase income. Meanwhile the state apparatus continued to adopt erratic and contradictory policies with

unbridled intervention in the productive sector, an exacerbated protectionist attitude, and expenditures which mistakenly placed more emphasis on the bureaucratic elephant of the state apparatus than in generating efficient services for the people, especially for the have-not sectors.

Research by the United Nations, reports from the Peruvian Central Reserve Bank, and studies carried out by universities and well-known social centers all reveal the frightening increase of poverty in Peru, to the extent that it is estimated that in 1990 30 percent of the Peruvian population will live in critical poverty and 60 percent in poor conditions. In 1985, 30 percent of the population living in critical poverty received only 12 percent of Peru's overall family income.

In other words, they received a per capita income of $279 per year, approximately $23 per month. In 1990 this per capita income was the lowest in Latin America. After a meager and artificial increase in 1986-87, the deterioration in the critical poverty rates in those sectors was so great that by late 1989 per capita income had dropped to $175 per year, or less than $15 per month. Critical poverty has reached such levels that almost 8 million Peruvians are currently living in misery, a condition which greatly threatens their lives; they suffer from constant hunger, undernourishment, and a lack of basic health facilities and other services such as education, adequate housing facilities, and potable water.

We are not mentioning these figures to exaggerate or distort the situation to politically damage the previous government. There is no such intention. We refer to critical poverty as a concept that not only refers to the relationship between income and its per capita distribution but to the conjunction of factors that result in an objective poverty situation where income does not cover the cost of the family basket and where there is a lack of other basic needs such as education, health care, and housing.

In fact, today no one can deny that—except for Haiti—Peru has Latin America's highest rate of child mortality, chronic malnutrition, full unemployment, underemployment—which currently runs at more than 70 percent of the economically active population [PEA]. Peru also has systematic disregard for health services—a situation that affects more than 50 percent of the population—as well as growing school absenteeism, and illiteracy, which runs at 11 percent of the total population.

This is the critical poverty to which we allude. This is the situation that we have inherited. It is a challenge that calls for unity among of all Peruvians of goodwill. That is, we have to defeat poverty and begin a stage in which the vital needs of the population are duly met.

Congressmen, this task is the responsibility of the government, of politicians, and of society, especially of those who have more, who should call on their patriotic spirit of solidarity to increase their investments, modernize their enterprises, create jobs, and set moderate profits.

This task is the responsibility of intellectuals, whose critical thinking is as necessary as their participation in the construction of a feasible system.

It is the responsibility of labor leaders, because along with their legitimate demands for improvements in salaries and working conditions, they should also preach devotion to work by their example, and they should foment productivity, which is so necessary for the creation of wealth.

The mass media also shares this responsibility because along with their right to inform and oversee, they have the duty of educating and contributing to the creation of civic conscience, which is the best channel for exercising press freedom.

To improve understanding of the program we are presenting and of the patriotic contribution that we are asking from the population, it is necessary to provide the nation with some basic information on our social situation, which we want to improve.

To the labor sector, we would like to say the following: The labor force—that is, the total number of Peruvians who are able to work, totals approximately 12.5 million, of which five million have no chance whatsoever of finding a productive job. This structural lack of employment has affected women and youths the worst.

However, the PEA—which is estimated at approximately 7.5 million—has also been affected by the same problem. In Lima, which houses 75 percent of the urban PEA, only eight percent of the PEA has appropriate employment, while 74 percent is underemployed and eight percent has no job at all.

This will give an idea of the deterioration of the situation: According to nationwide data, while 45.3 percent of the PEA had full employment and 6.8 percent had no job at all in 1981, those figures changed to 35 and 12.4 percent, respectively, in 1989.

Yet it is necessary to consider other data that make the unemployment problem even more dramatic. In the cities—particularly in Lima—the people have survived unemployment through the common practice of informal activities.

A social sector has emerged from these informal activities. This has been a remarkable and heroic way in which Peruvians have survived and generated creative forms of work. Informal activities have led to the creation of micro-enterprises, small family-run enterprises, workshops, and self-supporting enterprises, and have promoted traditional, people-oriented technology.

The rural population has, however, remained totally unheeded. They have no informal activity to fall back

on. In rural areas there is only starvation, misery, and desperate migration to the cities.

Beyond speeches on frustrating reforms and romantic revolutionary attitudes, Peruvian peasants—especially in the mountain region—have never been as poor, unheeded, and exposed to death through starvation or terrorist violence as they are today.

The female population has also been affected by the serious socioeconomic deterioration of the past few years. In fact, according to data supplied by the National Statistics Institute, 2.45 million women between the ages of 15 and 49 were in a state of extreme poverty in 1987.

Another fact that reveals the situation of Peruvian women is that a high percentage of them act as the head of the family. Most of them are underemployed.

I should also mention the large number of children. The current average number of children stands at 4.1 per woman. In the case of peasant women, however, the average is at least six children. This obviously aggravates their poverty. This information reflects the inappropriate, or rather nonexistent, population policy. [passage omitted]

State and society must change their approach to the youth problem if we want the country to attain the peace that we hope for. The administration intends to implement medium- and short-term policies to make sure that youths will be able to effectively exercise their rights and duties. To accomplish this the state will seek to strengthen various youth organizations and stimulate their participation in social affairs.

At the same time an effort will be made to significantly improve education and training for youths and to propose coordinated programs to greatly increase opportunities for first jobs.

Realistic data also show that we cannot repeat experimental and esoteric economic policies which have not only failed in the past but have also, by widening differences in income, become a cause of poverty and social conflicts.

Looking at the eighties, we can see that salaries, wages, and professional fees, as a percentage of the national income, declined from 38.6 percent to 34.47 percent from the beginning of the decade through 1988. Business profits, which represented 33 percent at the beginning of the decade, rose to 40 percent, also through 1988. Income for salaried workers, which represented 24.5 percent of the national income, dropped to 23 percent during the same period. We have no official figures for 1989 but we can safely assume that the corresponding upward and downward trends have continued.

The decade of the eighties has therefore been marked by a decline in workers income and an increase in business profits. The social chasm has widened; it must be narrowed through the implementation of a new model of economic growth that will be tempered by a fair distribution of wealth and a marked reduction of differences among regions and between the rural and urban populations. This can be accomplished if—as I have said already—we make sustained and strong efforts to make our production efficient and competitive to continuously create wealth and get away from the cycle of poverty. [passage omitted]

I must now address three serious problems that are plaguing the country, problems that the administration hopes to resolve with the help of Congress and the cooperation of the citizenry. These problems are: social decay and the urgent need for a moralization campaign capable of restoring the people's trust in the state and in those who hold positions of authority; drug trafficking, against which we must firmly fight; and political-terrorist violence, which requires a joint effort to attain peace.

On the subject of social decay, I must say that the administration feels that it is directly related to an extremely complex status quo in which negative forces are at play: the crisis of the state model, which has so far been unable to build a true, deep-rooted democracy; abuse of power by persons in positions of authority, even to the extent that cases of corruption are almost always protected with reprehensible impunity; tolerance of a social, economic, and cultural neglect which deprives a broad sector of the population of its constitutional rights and the services the state is required to render; the progressive loss of social solidarity; and the dramatic survival of those who carry the burden of poverty, which humiliates them as human beings; in sum, a dangerous trend toward a divorce between state and community, an irregular situation which paves the way for violent behavior.

The reorganization of the country and the recovery of the authorities' ethical principles are priority goals established by the government. There is no better way to achieve these objectives than by setting an example of austerity, by using power moderately, by being sensitive and willing to deal with fair social demands, and by turning the state apparatus into an enterprise that promotes rather than interrupts development, creating the necessary conditions so that the people have access to property and removing a system that expropriates land to excessively expand the state enterprises. Moreover, to create a fair social order and to allow the people to recover their confidence in the state and state authorities, democracy should be, in itself, trustworthy and respected. To make this feasible, the government intends to make democracy effective in solving the country's socio-economic problems and, at the same time, expeditious and fair in the moralization process and in punishing the corrupt. Those who have become rich on public funds should not be ignored nor left unpunished. Whoever has stolen must be treated as a thief and whoever has murdered must be treated as a criminal. The institutions of the democratic system must exercise the power...[applause] The institutions of the democratic

system must exercise the power bestowed on them by the Constitution to carry out objective investigations, identify those responsible for crimes, and exemplarily punish those who have committed crimes against Peru and its people.

The government has adopted the unwavering decision to moralize the country. Since 28 July, honesty—which was the slogan of President Fujimori's electoral campaign—has been the behavior pattern of this government. Every citizen should know that they have the right to report any public servant who may be suspected of abuse of power or of illegally profiting from the post he holds. But the moralization process is not only the duty of the government, it must be carried out by the entire country and, especially, by those who have the duty to supervise and punish. Therefore, I have specially requested that Congress diligently and expeditiously investigate and punish alleged cases of illegal arrest or other cases of abuse of power and to impeach those responsible if the causes justify.

I ask the office of the comptroller general [Contraloria General] to work zealously in supervising the state's interests. I remind the attorney general that it has the power to administrate penal actions and to defend the people. I request the judicial branch to be inflexible in administrating justice. Justice becomes stronger and more respected by the people when it confronts the powerful, punishing them with determination if they have violated the law and committed crimes. If the democratic institutions function, the moralization process will be feasible and we will have met the expectations of a people who no longer want to start from the beginning.

Drug trafficking is a serious problem for humanity and our country. The consequences are disastrous for Peru; it has made our agricultural economy coca-dependent and the economy of the important high jungle region and the external sector dependent on narcotics.

The national economy is growing more dependent on foreign currency from drug trafficking for international trade. Our society and institutions, both public and private, suffer from the contamination of this scourge, which is threatening the entire system.

Drug trafficking structures its illegal activity by planning, organizing, financing, directing, and controlling the manufacturing, transportation, and distribution of illegal drugs. To do that it subordinates peasants through the drug economy and uses violence to grow coca and to corrupt institutions and public officials.

Despite the extent of the problem and the many policies implemented over the years, it is easy to verify that the struggle against it has failed. Also, the implementation of incorrect and biased policies such as the forced eradication of coca has created much greater social and political problems than those which the eradication was aimed at resolving. The progress made in diagnosing the problem has led to very important statements, such as the Cartagena Declaration, which was approved in February of this year but has had little practical results so far.

Various coordinated actions are needed to confront and handle the different aspects of the drug trafficking scourge. The law must also be strictly enforced to fight drug manufacturing, transportation, and distribution. Drug trafficking must also be fought and prevented through truthful and convincing information and scientific means. Additionally, alternative development must be used to correct the economic and social conditions which made the peasant economy coca- dependent and the regional economies in our high jungles and the external sector of the national economy narcotics-dependent.

The necessary complementary repressive actions will only be successful if they are carried out on the basis of this economic and social axis. The basic idea is to attack rural poverty in the Andean and Amazon regions where drug trafficking has made peasants coca-dependent. Coca has become necessary for the peasants' survival, and it involves 200,000 rural families. If we consider the real dimensions of the comparative advantage that made our Andean-Amazon region become coca-dependent, we can also see that there is great natural and social potential in that area for the overall exploitation of natural resources such as the growing of exportable tropical crops and more sophisticated production such as farming silkworms to produce silk. This production can replace the peasants' coca-based income, create new economic possibilities in the narcoeconomies of the high jungle, and replace the foreign currency that comes in from drug trafficking.

This situation is evidence of the urgent need for the government to give this problem the political and institutional priority it deserves, to allow Peru to have a well-coordinated external and internal policy toward achieving concrete results. Therefore, we believe that a single division at the ministerial level should be established to draw guidelines, coordinate actions and national resources, and sponsor strong actions for international cooperation through concrete proposals at the 17th UN General Assembly, on the basis of the agreement reached in Cartagena.

I would like to refer to the problem of the political violence that has been affecting the country since 1980. The causes are old and historical, leading to a response called violence against injustice by Pope Paul VI in Medellin. He also described the violence as a sin affecting our entire continent. Popes Paul VI and John Paul II in their visits to Peru did not condemn the harshness of our structural system, only to have people fight the violence with destruction and death. They called instead on the people and their leaders to support truth, justice, and an equal distribution of wealth as the basis of development and peace.

Between 14 May 1980 to 27 July 1990 Peru was the victim of 17,817 attacks, with 5,800 being carried out under the Belaunde administration and 11,336 under Garcia's. In other words, there has been a geometric growth of violence which has not stopped with the installation of the new government, which by 15 August had suffered 67 attacks.

Not a single place in the country, no sector of its economy has been spared these attacks which had cost the country around $15 billion by the end of 1989.

The best known example of this widespread destruction is the toppling of high-voltage electric towers: 1,205 towers were toppled between 1980 and 1989. To these we must add 146 that were toppled this year leaving the country without electricity for a total of 49 days and costing the country $404 million in repairs, replacements, and lost work.

During this process of devastation, Peru has lost countless factories, companies, and job sources that have gone bankrupt. Its agricultural structure and road system have been destroyed. Above all, many schools, hospitals, housing developments, highways, and new jobs have not come true because of the economic destruction of the country and because the money had to be spent on repairing destroyed facilities and on defense.

However, the economic aspect is not the only source of concern for us. As a result of political violence, 17,763 people died between 14 May 1980 and 27 July 1990.

Yet another piece of information must be added to the picture: In 1981 the state of emergency was declared for the first time in the provinces of Huanta, La Mar, Huamanga, Cangallo and Victor Fajardo in Ayacucho Department. From then on terrorist violence has spread gradually, first along the mountain range and then toward the large cities on the eastern slope and into the western jungle where it established a despicable alliance with the drug traffickers in Alto Huallaga.

Thus, in the eighties Peru had to get used to living in democracy amid declarations of states of emergency throughout the nation. In metropolitan Lima, the state of emergency was declared on 19 February 1986, and since then it has been renewed every 60 days.

The state of emergency is a measure used by the state to protect the citizens, but all Peruvians would be much better off if some of our constitutional rights had not been suspended by this situation which inevitably restricts our democratic elbow-room.

In view of all these developments, the administration promises to devise an overall counter-subversive strategy which would take into account the political, economic, psychological, cultural, and military aspects, emphasizing an eminently political outlook and management of all counter-subversive strategies by placing them in the hands of the highest-level civilian government officials.

For this strategy to be successful, the government calls for the organized cooperation of society as a whole. At the same time the administration stresses that this counter-subversive strategy is only a part of the overall peace-seeking process. Within this strategy the people are urged to put their shoulder to the tasks of rebuilding and developing the country.

The core of the peace-seeking process that this administration proposes is based on the implementation of social policies that will seek the development of the human being through education, work, effective social services, the generation and distribution of wealth and national integration. In sum, we want justice and progress for all.

Within this context we will carry out social policies, like a dynamic integration process capable of strengthening the regions and the counties through social participation and democracy. The best way to attain legitimacy is to rely on the ability of the democratic system to resolve problems related to poverty and lack of justice. Without this ability and justice, democracy can only be defended through state repression. Such an extreme measure is absurd and benefits only those who have risen in arms.

Social mobilization and a national peace-seeking accord are also essential aspects of our proposal. Those who believe in life, peace, and justice have the moral and political duty to hold talks and reach agreements for the sake of peace. This administration wishes to reiterate its invitation, making it clear that its initiatives are open to all political, social, labor, and cultural institutions of the country. The administration will establish consultative mechanisms to facilitate the formulation of proposals and to reach collective peace agreements.

The participation of regional governments and municipalities in the pacification process is essential. The government promises to support them, but both the regional governments and the municipalities must in turn plan the organized participation and mobilization of the people that may demand a collective effort to develop and create a civic conscience for times of peace. The government requests the cooperation of the media in this urgent and necessary pacification process. It is not a matter of concealing or covering up the violence being endured but neither is it matter of exaggerating or publishing sensationalist reports which is precisely what terrorism seeks. Fully respecting the freedom of the press, we ask the media to contribute by promoting civic education for times of peace by strengthening spiritual values and showing the world the wealth of history, our peoples, and our natural resources.

The Short-Term Project: The Economic Stabilization Plan.

The stabilization program recently announced by the government represents genuine evidence of its firm determination to promptly, decidedly, and permanently get rid of problems caused by the inflationary process.

Congressmen: You know that curbing inflation is an indispensable prerequisite for the structural changes of the country's economy and to place it on the path of sustained growth. High inflation rates drastically distort the evolution of relative prices and costs, causing them to lose their role as efficient distributors of scarce resources. This, in turn, causes serious inter-sectorial imbalances in the productive and financial sectors.

Moreover, high inflation rates affect the fair distribution of wealth, severely harming those sectors of the population with lower income, thus restricting their purchasing power and prompting a reallocation of expenditures that only worsens the economic imbalance.

In fact, the inflationary process is one of the main causes of the fiscal deficit, the foreign trade imbalance, and depressed incomes. It is also the great cause of the loss of purchasing power of salaries and, consequently, of poverty.

The characteristics of the inflationary process inherited from the previous government have prompted the need for a complete and resolute confrontation with the causes and mechanisms that precede price increases. The inflationary spiral that is dangerously nearing hyperinflation gave us no other alternative than a drastic confrontation with its main causes.

Congressmen: Nowhere in the world where annual rates of almost 3,000 percent have been recorded, has inflation been successfully curbed with partial or gradual measures.

The results of the past five years show that it has been futile to blame fiscal and external imbalances for inflation, and that the low prices and subsidies of today become inflation tomorrow.

The well-known erratic and incomplete adjustment packages implemented by the previous government have also had predictably nefarious results. All they did was to increase the inflationary process and impoverish the people. In sum, the previous government's struggle against inflation clearly shows the terribly negative consequences of ignoring what is essential and of postponing what is unpostponable.

The program we have implemented has been designed in a coherent manner. It entails coordinated and synchronized management of all the macroeconomic tools. The following are the main points of the program:

a. To restore and to preserve the balance of fiscal accounts: This will be achieved by obtaining more income for the central government by readjusting prices and public utility rates;

b. The implementation of a credit and monetary discipline that will restore confidence in the national currency by encouraging a drop in the inflationary expectations and the consequent dedollarization [desdolarizacion] and remonetization of the economy. This is achieved by creating an independent Central Reserve Bank managed in a professional manner, protecting the value of our currency and promoting the development of a free and competitive financial system.

c. The elimination of indexation mechanisms that could lend momentum to the inflationary process and expectations.

I would like to point out to Congress that enforcement of the stabilization program entails a series of orderly, timed measures in the tax, monetary, utility rate, exchange, and salary areas.

Implementation of the timed measures seeks to attain an optimum balance between the initial inflationary impact of the readjustment of relative prices and the creation of inflation and monetary devaluation expectations, and a flexible exchange and salary policy that can respond to market fluctuations.

Implementation of the various phases of the program on the basis of a timetable—which some critics of the program unfortunately still do not understand—can be described as follows:

Phase 1 - Adjustment of fuel prices and utility rates, elimination of the exchange rate differential, and implementation of an emergency fiscal improvement program.

Phase 2 - Setting a floating exchange rate to preserve our competitiveness abroad. The adjustment of salaries to maintain the purchasing power of workers; in the private sector this will be achieved through direct negotiations and will be proportionate to increases in productivity, and in the public sector it will be achieved within the real possibilities of the fiscal sector.

Phase 3 - Regulation of tariffs on consumer goods, intermediate goods, and capital goods.

The first phase will deal with the adjustment of subsidies for fuel prices and utility rates, and with the elimination of the MUC [single exchange market] official exchange rate.

Implementation of these adjustments in the first phase will inevitably have an initial, short-term inflationary impact, raising prices above the equilibrium level that will be reached under the conditions that will prevail after making these adjustments.

This situation has developed because of the excessive profit margins adopted by economic agents during the last weeks of the previous government in view of uncertainty over the devaluation trend and the cost of replenishing inventories.

If the current government had set salaries and the exchange rate on the basis of such overprotective prices, an inflationary feedback would have been imposed on the cost of goods and services. This would have validated initial inflationary expectations, operating as a self-fulfilling prophecy.

Therefore, a major factor in our short-term strategy is to avoid the imposition of rigid mechanisms for setting salaries and the exchange rate. Instead, we advocate a flexible management that can respond to market fluctuations. The exchange rate and salaries will be consistent—in real terms—with price stability and with the balance of our external accounts in the short- and mid-term.

Finally, tariff regulations should be enforced after the exchange market reaches some stability, so importers can calculate their figures with a moderate margin of uncertainty.

The implementation of timed measures, which deliberately favor market flexibility and discipline, has already begun to give positive results, as is shown by the deflationary rates of the past 10 days. Over this period, the accumulated drop in inflation surpassed 30 percent of the top inflation rate of the first 10 days of the month.

Congressmen: Considering that the initial situation was extraordinarily difficult, it was necessary to adopt resolute, coordinated actions, resorting to various macroeconomic tools.

The macroeconomic restructuring program, whose starting point was marked by the serious imbalances registered in July 1990, inevitably involves a heavy burden of hardships, obstacles, and difficulties. Yet success will be guaranteed if we persevere and remain firmly confident that our current sacrifice will yield its fruit in the future.

The support of the people that we have received thus far and the understanding of the economic agents have given us grounds to feel optimistic about the definitive success of this undertaking.

However, to attain this objective it will be essential to maintain a strict fiscal and monetary discipline over the next few months, thus fending off any danger of an inflationary resurgence or a fissure in government credibility. To this end we will need the permanent support of Peruvians from all sectors—social, economic, and political.

2. [number as heard] Social Emergency Program

All congressmen know very well that a large number of Peruvians do not earn enough money to cover their minimum health and food needs. The unfulfilled needs are reflected in the following figures: 38 out of every 100 children suffer from malnutrition to some extent; 81 out of every 1,000 children die before reaching the age of one year; 55 percent of the population lives in poverty; and 32 percent of the population is below the poverty line. It is worth pointing out that according to our definition of poverty, over 3 million people who live below the poverty line face a high risk of physical impairment. This figure includes 1.5 million children below the age of six, 500,000 pregnant mothers, and almost 1 million tubercular, undernourished, and abandoned people.

Our program foresees that the August-December 1990 period will be especially critical because three factors will come together: the fiscal gap, which has been widened by the successive mistakes of past administrations; the drought and its negative effects, especially in the south Andean region; and the initial effects of the economic stabilization in view of the magnitude of the distortions that must be corrected.

The state and the community will have to make an extraordinary effort to attack these three factors simultaneously. We also need the international community's broad, unselfish support. We must all join forces to carry out President Fujimori's Social Emergency Program.

However, it is necessary to make a clear difference between the social development plan, which has long-term implications, and the Social Emergency Program, which I have been describing. This program is to be implemented immediately and will initially cover the August-December 1990 period.

The Social Emergency Program's basic objective is to supply the nutrition, health, and employment needs of the population that lives in extreme poverty, particularly to prevent the physical impairment of high-risk groups: children below the age of six, pregnant women and breast-feeding mothers, and especially neglected people, such as those with tuberculosis, the aged, and the crippled, who are being economically and socially neglected.

To fulfill this objective, the administration has created the Temporary Coordinating Commission for Social Emergency Programs [Comision Transitoria Coordinadora de los Programas Sociales de Emergencia]. This commission's specific duties are to coordinate health, nutrition, temporary employment, and revenue-raising programs. It is made up of private organizations, international cooperation agencies, and neighborhood organizations from the population sector that will receive the benefits of the program. Its objective is to coordinate assistance efforts, expand coverage of the program, and manage resources in the most straightforward manner. [passage omitted]

President Fujimori's administration has created this coordinating commission to give community organizations the chance to plan, execute, and oversee the Social Emergency Program's health, nutrition, and job creation projects.

The composition of the coordinating commission epitomizes the administration's will to coordinate the efforts of the state and the community in an all out battle against poverty that is to be waged through united, efficient, and unsparing efforts free of any kind of factional interests. It also proves that the administration has firmly decided not to duplicate efforts, but to channel state contributions through existing initiatives, strengthening them to the extent possible. It also shows that the administration will create new mechanisms only if absolutely necessary.

During their installation ceremony on 7 August, coordinating commission members unanimously elected as commission president the representative of the Council of Ministers chairman and stated that this decision of the community organizations was intended as a gesture of confidence in the new administration's handling of this difficult task.

The coordinating commission's executive board immediately agreed to call on provincial and county mayors throughout the country to lead a drive for the establishment of local emergency committees with the participation of local governments. These local committees are already sprouting all over the country. They are made up of rank and file social organizations and the most representative local public and private institutions, thus becoming a trustworthy link between the state and society in the struggle against poverty in each region, province, and district.

To facilitate the creation of local committees, the government will promulgate a decree within the next few days that will authorize the Social Compensation Program [Programa de Compensacion Social] to reach agreements with provincial and district municipalities on implementation of emergency, employment, and nutrition programs.

In this way we can say that a social foundation has been organized, and the state, in coordination with civilian society, has assumed responsibility for planning, implementing, and overseeing the Social Emergency Program. [passage omitted]

Through the coordinating committee, the state notes that institutions that make up this committee will receive the necessary resources to carry out this program. These resources will come from taxes created for this purpose, as well as from international and domestic donations. As stated earlier, after a stabilization program, long-term prospects must be considered. To this end, a social development program has been prepared for the period 1990-1995.

This program complies with efforts by the government and organized civilian society to fulfill two objectives: The elimination of extreme poverty and the restoration of human dignity to effectively promote equal opportunities for all.

It is appropriate to mention that the state has promised to increase expenditures in the social sector—that is, in the education, health, and labor sectors—to at least 1985 levels. This means, $40 yearly per capita to prevent poverty from refueling itself.

Moreover, in agreement with organized civilian society, the following main programs will be carried out: First, the recovery of rural agriculture in the Andean region and in other depressed regions. This is one of the essential pillars of the overall program because it is not only designed to meet immediate needs, but within its program for development, it seeks to change obsolete structures.

Objectives:
- Control of migration from rural areas to cities;
- Pacification of the country through increased income in rural areas;
- Increased agricultural production;
- Defending of the ecological balance; and
- Protection of cultural heritage. [passage omitted]

Third [as heard]: Creation of job opportunities and increased incomes.

Objectives

The fundamental objective is the creation of permanent job opportunities and the promotion and creation of small- and medium-size enterprises, beginning with temporary employment programs—with minimum wages—in both rural and urban areas.

In the beginning, the identification of projects will have the following priorities: First, production, preservation, and transformation of foodstuffs; second, construction, remodeling, and maintenance of the production infrastructure; third, construction of the road infrastructure; and fourth, basic maintenance works and collection of solid garbage.

Financing

It has been estimated that the three projects will cost from $2.1 million to $1.2 billion a year, which would be financed as follows: $550 million to be directly contributed by the government by assigning a portion of the budget equivalent to three percent of the GDP; $200 to $250 million in foreign help obtained through regular cooperation programs and contributions by the private sector; and $300 million in foreign cooperation programs that still have to be negotiated.

Organization and Preliminary Steps for Implementation of the Social Development Plan

The basic criteria is that implementation of this plan should be in the hands of an autonomous organization in which the government, civilian institutions, and cooperatives have shares. This autonomous organization will become a foundation, which will be ruled by the appropriate articles of the Civil Code and will have the following functions:

To channel resources;

To establish the fundamental guidelines of the plan; and

To evaluate, control, and monitor the programs and activities of the plan.

In conclusion, Congressmen, the Social Development Program we are implementing includes a social development policy that discards the simplistic redistribution policy implemented in the past, and replaces it with a

more complex, coherent policy for the elimination of poverty in the country and protection of the poorest strata of society. [passage omitted]

Mid-Term Program

The stabilization program announced by our administration is the first stage of a new era in Peru's economic history. To end inflation is not an objective in itself, it is only the first step toward development. The cost of the previous administration's mistaken policies, which we accept today, are the fee we have to pay to have access to the path that leads to prosperity. [Words indistinct] exposition in mid-term program—Goal [word indistinct] in the sector of development. As I have already tried to explain, economic stabilization will make it possible to lead the Peruvian economy on a path that may reverse the negative tendencies that prevailed in the last decades in the fields of production, investment, income, and jobs. This is why we say that the rebirth of the Peruvian economy and its inclusion in a process of sustained growth starts with a stabilization program that has been closely tied to mid-term development and growth from the moment it was drafted and conceived.

In our country, we have the deplorable concept that mid-term goals are everything that can be left for tomorrow. As a result, the objectives and goals of national development plans are permanently postponed and end up becoming distant and unreachable. Congressmen, I am proud to have the pleasure of announcing that in the current administration's economic plan, the mid-term period begins today.

Economic growth without price stability is a fragile growth. It is a growth that will not improve the situation of the majority of the people, will not put an end to distribution inequalities, and will continue to erode the purchasing power of the wage earners' salaries and prevent them from taking part in the national wealth. In this sense, a new stage is also starting. For us, it is not enough to achieve high economic growth rates and then delay, through artificial and unsustainable mechanisms, income redistribution to the poorest strata of society.

On the contrary, equitable growth, a growth involving income redistribution, is an objective that is included in the basic essentials, in the very foundations of our development strategy.

Thus, just as we reject an easy approach to growth based on a short-lived consumerism proposed by demagogic illusions, we also reject a growth that will merely serve to increase the predominance of the privileged and the needs of the neediest.

Economic development experts have observed that in the 1960's, it was common to point out that a country was poor just because it was poor, now, after 25 years of experience in development efforts, it is more precise to say that a country is poor because of bad policies.

The challenge that all Peruvians are facing in the 1990's and on the threshold of the 21st century is the enhancement, through appropriate policies, of the ample natural and human resources with which Peru has been endowed.

Together with the implementation of consistent strategies, it will be necessary to promote a revolution in social values that will enhance and promote a spirit of discipline and dedication to work, which will reward individual efforts and promote the maximum use of potential resources in support of the new national undertaking of achieving true economic and social development.

The state's role will be to promote a harmonious coexistence between the multiple, heterogeneous elements of our economic activities, integrating the use of sophisticated technologies and the deployment of entrepreneurial talents into our reality as a heterogeneous, Andean country.

Goals and Objectives of the Mid-Term Program

The basic objective of the mid-term economic program will be to achieve a sustained, equitable economic growth.

To be sustained, the growth process must be based on a real increase in our country's productive capability and an increase in productivity.

In addition, the growth process must envisage a rearrangement of production and consumption patterns that will permit it to escape foreign restrictions, which, in past decades, have thwarted many growth efforts.

I predict that for the 1994-1995 period, the Peruvian economy will be on a trajectory that will allow it to achieve a growth rate of 5 percent of the GDP per year.

This goal can be achieved if we remember that in the 1950-1965 period, the Peruvian economy grew by an average 5.7 percent of the GDP per year.

The government's economic policy will be directed at ensuring that the aforementioned growth will take place in an equitable manner since economic activities alone do not guarantee that their yield will be distributed in such a way that they will alleviate the extreme inequalities in the distribution of wealth and income that are afflicting our country.

This objective not only responds to legitimate social justice considerations, but involves points of economic order that are linked to the prospect of a well-balanced growth.

Empirical evidence coming from multiple development experiences over the past two decades reveals that if the growth process is not accompanied by active policies for the promotion of equality, inequality in income distribution can persist or even worsen, especially if we consider the Brazilian experience in the 1960's when

accelerated economic growth was accompanied by a deterioration in income distribution.

Specific Objectives

The specific objectives of the mid-term program can be broken down as follows:

- Sustained economic growth;
- Removal of extreme poverty; and
- Creation of jobs and income redistribution.

Development Strategy; Overall Approach

Admitting our country's heterogeneous nature, where modern, urban, informal, and traditional rural sectors exist or coexist, our development strategy's overall approach envisages the simultaneous promotion of the growth of modern sectors from top to bottom and the growth of traditional sectors from bottom to top.

Therefore, the requirement to achieve equitable growth will be inserted into the development strategy from the very beginning.

We are dealing with areas with diverse geographic locations, diverse technology, and an enormously diversified productivity that yields various capital/labor and capital/yield [producto/capital] coefficients.

Therefore, a policy of incentives for the export sector, foreign investment, and industrial development will be implemented for the modern sectors.

In the traditional and informal sectors, the government will promote the development of micro and small enterprises, and the creation of rural markets as well as rural industrialization.

In general terms, the market's role will be made more dynamic, strengthening its role as an effective supplier of resources and eliminating barriers and restrictions to the effective promotion of the price-making system for goods, services, and production factors.

The state will play a guiding role, by using modern technology for strategic planning at sectorial and national levels. This strategic plan, which will be drawn up in agreement with the various sectors, will activate a decentralized process that will reconcile internal weaknesses and strengths with eventual external risks and opportunities for economic agents or sectors. For example, in the foreign trade sector, this strategic approach will activate the identification of sectors where dynamic comparative advantages preponderate.

Emphasis will also be put on the promotion of production chains that will maximize added value and minimize imported components. This plan will seek sectoral and regional agreements among production agents, business unions, and state institutions, and the monitoring of foreign market developments and the actions of competitors.

With our industrial and trade policies, we will seek to reverse protectionist structures that are based too heavily on export substitution by changing incentive policies. That is to say, we will end the anti-export bias, the low rate of investments in agriculture as compared to industrial investments, the subsidies for capital through negative interest rates, and the incentives for urban development to the detriment of rural development in the form of protective tariffs for urban industrial producers and subsidies for argricultural products. [passage omitted]

As a result, we will have to improve our productivity. [passage omitted] We will implement programs aimed at increasing the capacity for scientific and technical research at universities and national institutes, at improving the negotiating capacity of Peruvian businessmen, at transferring technology, and at creating a national fund for science and technology that will promote the development of new technologies, which will grant risk capital to technological development projects at institutes and companies. [passage omitted]

Structural Adjustment

The structural adjustment programs include a group of mid-term reforms aimed at promoting the effective and adequate use of resources by transferring and mobilizing them to more effective uses. These reforms will include:

Fiscal Reform

The first component of fiscal reform is tax reform, which will have as its objective the standardization and simplification of tax laws, a gradual and steady increase in the share of direct taxation in total revenue income, and complete reform of the administrative tax system, giving it more power to follow up and oversee tax payments and punish nonpayment. The goal of this measure is to raise the tax burden to 16-18 percent of the GDP by the 1994-95 fiscal year.

Other objectives of fiscal reform are: To reorient public expenditures to priority investments for the sectors of social services, education, health, and physical infrastructure, and to modify rules for the approval of expenditures and utility rate polices to ensure the effective operation of public companies and policies for financing public expenditures without incurring excessive foreign debt or the printing of money through the Central Reserve Bank.

Foreign Trade Reform

The first step in foreign trade reform has been implemented by removing tariff restrictions on imports and, over the next few days, we will reformulate the tariff structure. These measures are aimed at removing a bias against exports from our economy.

As you know, Congressmen, an overly protectionist tariff structure causes a bias against exports in two ways: On the one hand, the national competitiveness of our exports is reduced by increasing the cost of imported

components required by our export-oriented national products; and, on the other hand, the protected prices of the finished products over international prices make it more profitable to serve the domestic rather than the foreign market.

As part of foreign trade reform, the Foreign Trade Institute [ICE] has been abolished. The ICE's regulatory functions will be transferred to the Economy and Finance Ministry. The ICE's exports and imports registry and administration will be transferred to the Central Reserve Bank.

Regarding the promotion of exports, an institution will be created with private sector participation. A commission to study and implement this proposal will be created.

The overall objective of foreign trade reform will involve using different tools to achieve an approximate equality between the profitability of serving the domestic market and the foreign market. To be more precise, the effective export exchange rate must be approximately equal to the effective import exchange rate. The effective exchange rate involves the combined effect of the tariff system's nominal exchange rate and the credit or tax incentives that could exist. This balance allows for the promotion of export-oriented production activities without discouraging activities that efficiently replace the demand for imported goods. [passage omitted]

Financial System Reform

No modern economy can attempt to achieve economic growth and well-being for the population without an efficient financial system.

An inefficient system rewards speculators and especially, that group of people who have privileged information and who generally are in high-income groups. It punishes both medium- and low-income groups due to the erosion of their savings and the absence of financing for production activities.

For an efficient financial system to exist and thrive, it is absolutely necessary for savings holders and investors to have confidence in it.

An efficient system not only allows the creation of a savings volume commensurate with economic growth, but it also allows for these funds to be channeled into the financing of investment and working capital projects that are in keeping with the national development strategy.

In today's Peru there is no such financial system because the economic agents, individuals and corporations, have totally lost confidence in the economic system. This confidence was lost during the past five years as a result of the irresponsible manner in which public finances were handled and because of economic instability caused by this irresponsible handling, an instability whose most important expression was the hyperinflation that made small savings holders lose the most.

The decline in the liquidity of national and foreign currency and the deterioration in the level of deposits has significantly reduced the brokerage functions of the formal financial system, significantly reducing the banking system's domestic loans for the private sector.

In addition, the suspension of the convertibility of foreign currency bank certificates in 1985; the law on the nationalization of banks, financial entities, and insurance companies; the tax on current accounts charges; the selective consumption tax imposed on loans granted by the financial system; the disproportionate levels of minimum legal reserves, and the highly negative interest rates on savings accounts have placed the financial system in a crisis situation that has been translated into an acute shortage of loanable funds, the highest lending interest rates in the world, highly selective loans for just a few borrowers, and the disappearance of mid- and long-term savings and loans.

It is worth mentioning that as a result of the previous situation the economic agents preferred to transfer their resources to parallel banks and abroad, thus seriously hurting the country's development.

It is absolutely necessary to stop hyperinflation to create a financial system that will provide economic growth, well-being, and access to credit for those with good projects. The measures implemented by the government are aimed at achieving that objective and we are confident that we are on the right path.

Development of the financial system requires policies and actions that will build a basis for the reform of the financial system that the government plans to implement. Reform of the financial system has the general objective of supporting self-sustained economic growth for Peru and the following specific objectives:

1. Substantially increase internal savings.

2. Channel financial resources to the most profitable production activities and not to small, privileged groups.

3. Create permanent, self-sustained confidence in the financial system.

4. Provide access to savings and credit to the economic sectors, which in the last few years were left out of the formal financial system and which are basically made up of small businesses, producers, and savers.

The country is on the path to defeating hyperinflation. The immediate actions we are taking are as follows:

1. Establish mechanisms for creating an adequate structure of interest rates for deposits and loans. The interest rates will give savers the profits they want. They will also channel resources toward more profitable, better managed projects and companies. To do that, and to strengthen the effectiveness of the banking system, required bank reserves will be gradually, and substantially, reduced; this is an action the government has

already implemented. Taxes that affect profits on deposits and interest rates on credit will be eliminated.

We are also ready to put into operation a mechanism that in the first stages of the stabilization program will prevent high interest rates in real terms on loans. This has been tested in other Latin American countries that have implemented economic stabilization programs in the last few years. One of the negative effects of high interest rates in real terms is that they make the transition between stability and economic growth longer.

2. Request derogation of the law on nationalization of banks, financial institutions, and insurance companies, and start the study of a new bank law to modernize the financial system in accordance with the evolution of the last 60 years.

3. Strengthen the superintendency of banks and insurance to guarantee savers and investors that the banks and other financial organizations are solvent.

4. Attract financial resources outside the system through competitive instruments offered to the public by the formal commercial banks. In this regard, the first steps have already been taken to get approximately $1.2 billion in the hands of private individuals and companies in the country to return to the formal system. To do that, some Latin American institutions are willing to issue deposit certificates in foreign currency through local financial institutions. The resources obtained through these certificates will be recycled in the country for use in export and import credits, and as working capital. As international reserves increase, measures will be taken to promote the direct purchase of foreign currency from local banks and financial organizations. All holders of foreign currency bank certificates can rest assured that their savings will be honored, and that they will get the just treatment people who save in the country deserve. [applause]

5. Strengthen funds for micro and small businesses. Eligible financial institutions will have access to those funds. To achieve greater participation by financial institutions, insurance and guarantee funds will be created to increase the volume of resources channeled by institutions specializing in this sector. To strengthen micro and small businesses the organization SECREX [expansion unknown] will be in charge of organizing and financing small export companies and those with export potential.

6. As a temporary mechanism, and until medium- and long-range financial resources are strengthened, and to facilitate the transition between stability and economic growth it was decided to create a fund for economic reactivation in Peru's Central Reserve Bank to finance long-range investment projects. These funds will be financed with external resources.

7. Greater competition among financial institutions will be promoted through integration into the formal financial system of the largest possible number of institutions operating in the informal financial system.

Thus, informal and semi-informal financial institutions will gain access to the Rediscount Fund for Investments [Fondo de Redescuento para Inversiones] and the Fund for the Development of Micro and Small Companies [Fondo para el Desarrollo de la Micro y Pequena Empresa]. At the same time, before granting these financial institutions access to the above-mentioned funds, the Central Reserve Bank and the Bank and Insurance Superintendency will ascertain that these institutions have the required financial backing.

8. Development banks will be made more effective, forcing them to compete for financial resources from the two above-mentioned funds, and will be made more efficient to ensure that loans are granted on technically sound grounds and have the appropriate collateral. Priority will be given to agricultural loans.

Foreign Debt

This administration intends to reestablish normal and good financial relations between Peru and the international community. Isolation can only lead to greater underdevelopment because it prevents the normal inflow of funds for necessary projects.

For example, the World Bank, the main source of funds for development projects, gave Peru approximately $640 million worth of loans during the 1980-1985 period and only $184 million in the following five years. In fact, the latter amount corresponds to loans contracted prior to 1985. The World Bank did not approve any new loans during the 1985-1990 period.

Another figure that reflects the situation has to do with the 1989 national budget: authority was given to obtain foreign loans up to a maximum of $1.3 billion, but only $250 million was actually obtained.

This means that only one-fifth of the required foreign funds were obtained. The difference was financed domestically, mainly through unbacked and highly inflationary issuance of currency.

Peru's foreign debt currently stands at approximately $20 billion, 85 percent of which is owed by the public sector. It is obvious that Peru will be unable to pay the full amount of its debt nor will it be able to comply with the original terms of the loans. It is equally clear, however, that the situation must be dealt with pragmatically and imaginatively to break out of our current isolation as soon as possible.

Like most Latin American countries, Peru is unable to obtain medium- or long-term financing for its commercial debt. However, unlike most Latin American countries, Peru has little access to short-term loans to finance its international trade. This is a very serious restriction for transition from a program of stabilization to one of

growth spearheaded by an increase in foreign trade. Furthermore, most countries have severed their bilateral lines of credit with Peru, our suppliers will not give us anymore credit and, as I have already said, the most important sources of funds for development, namely the World Bank and the IDB, are closed to us. Finally, Peru is still considered ineligible for IMF financial assistance.

Peru has come out as the net loser in its confrontation with the international financial community over the last few years. We must turn this situation around, taking advantage of the so-far negative effects of the confrontation.

One thing we must all keep in mind is the composition of Peru's debt, which is different from the debt of other highly indebted Latin American countries in that their debt is owed largely to commercial banks while Peru owes only 20 percent of its debt to these banks.

The implication of this situation is that Peru will be unable to obtain much relief from private banks, as has been the case for Mexico and Venezuela. Thus, our strategy will be to lay emphasis on negotiations with the Paris Club, and especially with the IMF, the World Bank and the IDB.

In the case of the Paris Club, the intention is to seek preferential treatment in keeping with the so-called "terms of Toronto" that apply to Peru's social and economic situation.

However, our efforts will not merely be directed at obtaining a favorable rescheduling of our debt from these countries since in the final analysis, Peruvian efforts to normalize its relations with the World Bank and the IMF will depend largely on the attitude that these countries will take. In this regard, plans of action will be developed to deal with the various portions of the debt.

For example, special importance will be given to Japan, not only because Peru owes a great deal of money to Japan, but also because in addition to having a special interest in Peru in terms of investments and possible assistance within the program for the recycling its enormous trade surplus, Japan plays a key role in the IMF and the World Bank.

The cooperation of multinational credit agencies will be sought to obtain from commercial banks a meaningful debt reduction in keeping with the country's extremely fragile social and economic situation, and also in keeping with the current market value of Peru's debt. This strategy will include the development of ways and means allowing the country to regain access to short-term lines of credit from commercial banks, which are indispensable for strengthening production and making the country's foreign trade more dynamic.

We are currently carefully evaluating the experiences of other nations with debt conversion into investments and similar operations so as to avoid problems that such operations may have caused elsewhere. Special attention will be paid to ensuring that these operations will not have negative effects on domestic interest rates and the inflation rate, and especially to make sure that they are conducted openly and in a straightforward manner.

We are currently doing the groundwork for resuming our relations with the World Bank, the IDB, and the IMF by seeking to obtain a rescheduling of our obligations that will allow us to cope with the accumulated overdue payments to these institutions. We will also have to obtain fresh funds from some friendly country capable of giving us a financial respite at the beginning of what are bound to be difficult initial years.

We must be extremely realistic and fully realize that because of the magnitude of the problem and of the funds needed for our recovery, even if we are successful in our negotiations it is unlikely that we will be able to obtain a net positive inflow of foreign funds in the short term.

State Reform and Regionalization

Despite the historical and structural problems of the Peruvian State, problems which have been getting worse in the past few years, the regionalization set forth in the 1979 Constitution is being carried out. The task of putting an end to centralism and its drawbacks in order to set the course toward a decentralized development model capable of giving priority attention to rural areas has unanimous support.

Between drawing up and approving the National Regionalization Plan in 1984 and the promulgation of the basic laws and the organizational laws that created the regions, there has been a great deal of tension and difficulties. However, it is worth pointing out that these obstacles have not been insurmountable. Despite causing some dissent, regionalization had the support of the majority. This is very important because regionalization is a key reform and most probably, the main mechanism for making the state more democratic, decentralized, and an instrument for radically changing our approach to the accumulation of wealth and development. Therefore, all political and social forces should agree on the need to broaden and improve the process of regionalization. [applause]

At the same time, we must strengthen local governments so that the latter, being the democratic channels for the population's participation in the decision-making process, may become the main axis of the new development pattern. [passage omitted]

2. [as heard] A New State for National Reconstruction

To overcome once and for all the situation that we described earlier, we must immediately launch initiatives to reform the state and move toward a new institution capable of keeping in step with and encouraging the process of national reconstruction.

The new state will have high moral and democratic standards with the help of popular organizations, especially of the new social organizations. The citizenry will be guaranteed participation in the decisionmaking system in order to contribute ideas, oversee performance, establish policies, and reconcile interests.

It will be equally necessary to modernize the state structure. We must tear down the heavy, cumbersome bureaucratic apparatus, and replace it with a public administration that is simple, open, and capable of swift decisionmaking.

We need a modern state capable of incorporating the most advanced computer technology and management techniques so that it may cease to be the social burden it currently is and become a tool for national development.

In sum, we want a democratic, decentralized, and modern state capable of adjusting to the new development plan, a state that will respect and promote human rights and will once again play a sovereign role in today's world, cooperating with other nations and seeking to protect national interests.

Everything mentioned implies the following actions regarding political and administrative decentralization:

1. To continue and perfect the regionalization process by coordinating with regional governments on the strategy to achieve this objective, and coordinating actions between the central and regional governments so as to establish priorities in spending financial and economic resources, in keeping with the national objectives of the development and social emergency plans.

2. To progressively reform the state within the framework of a broad process of accord aimed at achieving a modern, efficient, and decentralized state.

3. To strengthen the role of regional governments as the basic cell, the coordinator, and link between the state and society. This will become the axis of our new style of development, based on the people's participation in making decisions.

Public companies.

Article 113 of the Constitution establishes that the state may participate in economic activities with the purpose of promoting the national economy, providing public services, and attaining development. It is fair to acknowledge that from the legal point of view, the objectives of Article 113 of the Constitution have not been achieved so far. The policy of this government with regard to the state as a businessman, and especially with regard to state intervention in production activities, consists of creating conditions to generate efficiency comparable with that demanded from the private sector by the free market. That is, public companies have the obligation to substantially improve their financial results to contribute to resources for the state, and not to be, as they have been in the past few years, a heavy burden.

If a company does not yield positive financial results in the private sector, it disappears. Competition and market demands that they improve their efficiency with the purpose of providing society with goods and services at reasonable prices and of adequate quality. The government will deeply analyze the public companies with the purpose of determining which of them may be transferred to the private sector. Our position is that those activities that can be efficiently administered by either the national or foreign private sector must be administered by those sectors. Thus, the government intends to determine which companies meet these requirements in order to transfer them or their assets to the private sector. The state will restrict its participation to activities of national interest, and in which the private sector is not interested. Companies that continue to belong to the state, must demonstrate their operational efficiency. To attain this, performance standards will be established with which the performance of their operations and managers will be evaluated.

Some of the instruments that will be used to improve the efficiency of activities currently carried out by the public sector, are: the transfer of the property of some companies to the private sector through their sale and the participation of workers; to associate with local and foreign investment groups; to make management contracts with the private sector in the case of public companies that cannot be sold; to sell the assets or assembly lines [lineas de actividad] of state companies without completely transferring the whole company or its property; and to restructure the management, financial, and technical aspects of public companies.

Sectoral Aspects

The following is a summary of the situation in the most important sectors. If it is requested, the ministers can give a more detailed report on each sector's situation.

National Defense

1. The government acknowledges the role of national defense as part of the policy for total national security. Given that the president of the Republic conducts the national defense system, the Council of Ministers president will concentrate on the effective coordination of all efforts at the highest level to allow the government to attain its political objectives of safeguarding the territorial independence, sovereignty, and integrity of the Peruvian state.

2. On the foreign front, the government will implement a policy of proximity and detente with countries of the region as an expression of the Peruvian desire for peace, integration, and regional solidarity by strengthening all bilateral and multinational mechanisms and agreements so as to strengthen regional confidence.

3. In the face of subversive actions and to attain the political objectives of pacification, the Council of Ministers president will coordinate actions to improve relations between organizations of the national defense

system and nonmilitary organizations by providing flexible responses to solve any related problems, and create a Unified Commando for Pacification for the control of countersubversive operations.

4. In this way, the national defense system will establish more direct channels of coordination with the nonmilitary sectors to make the overall effort in the struggle against subversion more effective. With the same purpose, a centralized command will be established. This command will have greater autonomy for planning, managing, and controlling operations on countersubversive fronts. This will allow the command to permanently concentrate all of its organizations in its efforts against subversion.

5. Taking into account that subversion is caused partly by frustration due by the lack of government economic support for poor regions, the Economy Ministry—taking into consideration the recommendations of the Unified Commando for Pacification—will establish priorities for assigning financial resources for the rehabilitation of the infrastructure affected by subversion.

Interior Sector; Subversion

The Interior Ministry is actively participating—in close coordination with the Defense Ministry—in carrying out joint operations to maintain public order and in countersubversive actions.

The basic guidelines of the countersubversive policy are:

1. Recognition that the solution to the subversive problem is not exclusively military.

2. Understanding that basically, the people with the support of the government will be able to defeat subversion.

3. The following policy will be implemented to fulfill the Interior Ministry's objectives:

a. Continue the countersubversive struggle, carry out police actions in the emergency zones, maintain close coordination with the military commands.

b. Intensify training of police forces in the psychological, moral, and operational aspects of the countersubversion struggle.

c. Order a reopening of police posts that have been destroyed or moved.

d. Improve and increase the security of essential public services and public and private property.

e. Facilitate establishment of a single identification card in the country to make full identification of people easier.

Drug Trafficking

1. In view of the complexity of the drug trafficking problem it is the objective of the Interior Ministry to contribute to the government's overall effort to eradicate drug trafficking from the country, taking into account that any actions aimed at achieving this objective must first consider providing security for development aspects rather than taking repressive actions.

2. In this regard, actions will be taken to carry out the Multisectoral Plan for the Overall Development of the Coca Areas [Plan Multisectorial de Desarrollo Integral de Areas Cocaleras] through the implementation of five programs: agricultural development, forestry development, road infrastructure, investment in social sectors, and protection of the environment.

3. In the external sector, the drug trafficking problem will be approached within the agreements established in the meeting of the presidents of Peru, Colombia, and Bolivia with the president of the United States held in Cartagena last February. At the same time, an initiative will be carried out to hold an international meeting made up of that group with the United States, Europe, Japan, and Brazil to find practical formulas of cooperation to confront the problems of drug trafficking, based on the need for an overall development in the drug areas.

4. The National Police will add their effort to that of the Armed Forces in the struggle against drug trafficking in the emergency zones by trying to get the coordinated use of security forces and their resources to break the link between subversion and drug trafficking.

Agrarian Sector

1. The agricultural sector is going through one of the most serious crises in its history. The macroeconomic policy implemented in the last few years was clearly antiagrarian and antiexport. The distortion of relative prices brought about by massive foreign exchange, fiscal, and price subsidies led to the consumption of imported products and to the stagnation of national production due to the decrease in the demand for national products, especially products from the Andean region. This situation made us dependent on food imports.

2. It is now clear that subsidies do not benefit the agrarian producers—neither the peasant nor the commercial sectors nor poor consumers. Subsidies do not benefit producers because by reducing their costs, their profits are reduced because they get less money for their products. High-income consumers are the ones who benefit from subsidies for retail prices.

3. Farmers must face two aspects of violence: terrorism and drug trafficking. However, the terrorist strategy of besieging towns and preventing farmers from planting for urban centers has categorically failed. Drug trafficking is the other aspect of violence that harms the country and its eradication is closely linked with national development.

4. The situation of Peruvian farmers is currently even more critical because they are undergoing one of the most serious droughts of the last 40 years. Out of the

949,000 hectares planted between August 1989 and March 1990, 171,000 were completely lost, while 232,000 hectares were severely affected. The most severely affected area is the Andean Trapeze, which has lost 71 percent of its planted area. It is thought that to cover this food deficit, 280,000 metric tons of cereals must be imported besides the annual food import plan. This implies: 12,000 metric tons of sugar and 240,000 tons of hard yellow corn and sorghum. The import of these cereals will cost $107 million.

5. In light of this fact, the government has designed a program of direct food assistance for the affected towns, to ensure their minimal food supply. The government will also provide temporary employment alternatives with minimum income levels for the rural population.

6. The program for the August 1990-July 1991 agricultural season foresees cultivation of 1.8 million hectares. The Agrarian Bank estimates that to plant 1.1 million hectares, $264 million worth of spare parts and agricultural production components must be imported.

7. This government's agrarian policy is to ensure the food supply, reorient the agricultural macroeconomic policy, innovate technology and disseminate it, create rural markets, and promote rural industrialization. This will allow agricultural and livestock activities to become profitable.

8. The government must play an important role in food sales, but it must also avoid intervening in areas where the private sector may be more suitable and effective.

State activities must concentrate on:

a. Making investments that will contribute to the reduction of the cost of food.

b. The government must obtain, analyze, and disseminate information on the area of planted and harvested hectares and prices so that producers can make better decisions and faster sales. Control posts must turn into information collection centers.

c. The government must investigate and give farmers technical assistance for production and sales.

9. The state will not begin any large scale agriculture program for the next five years. However, in the next few months, agriculture experts will visit every valley to analyze—together with farmers—their basic infrastructure needs to increase their production levels.

10. Private investment will be promoted in the agricultural field by creating a legal and economic framework for an atmosphere of economic and political stability for development.

11. Development of the agroindustry will be one of the basic reasons for expanding agricultural activities. Priority will be given to other profitable crops that can replace sugar cane plantations, as well as to reclaiming dry lands with advanced irrigation technology and to treating uncultivated lands with advanced irrigation technology. [passage omitted]

Mines and Energy Sector

Mining Sector

1. The most urgent objective for this sector is to make total use of its installed capacity. This implies that in the short-term, mining production must increase to also increase exports by approximately $400 million. The foreign trade and exchange policy we initiated will allow the mining sector to become one of the main factors of economic reactivation.

2. Exploration and development programs for mine reserves must be resumed in keeping with a policy of replacing depleted mines. Mining must also be diversified to increase rational exploitation of the nation's mining potential, and to recover from the stagnation of the past few years in this field.

3. The participation of private national and foreign capital will be promoted to increase the capacity for smelting, refining, and industrializing mining products in order to overcome the situation of being mere exporters of raw material. All kinds of restrictions must be eliminated in this field to allow companies make different kinds of investments. [passage omitted]

Energy sector

Energy rate readjustments are making people aware that the times of fictitious cheap energy for internal consumption have ended. There must be a rational consumption of energy and the government plans to induce its more efficient use.

Electricity

The slow development of this service can be seen as follows: In 1985, 44 percent of the population had electricity service. This figure dropped to 40 percent in 1989. The impasse in this sector is largely due to the economic crisis. The main reasons for this impasse are:

a. The government—as a normative or guiding institution—has not been clear. This apparent confusion has made Electroperu [Peruvian State Electric Power Enterprise] and the regional public electricity services incapable of providing services with responsibility.

b. As a result of the political manipulation of electricity rates, in 1990 Peru reached the point where the average price of electricity barely reached 2 cents kw/hour when its true cost was 6.4 cents. By the end of 1989, these distortions generated an accumulated loss of $860 million, of which $410 corresponded only to 1989.

Third [as heard] An efficient electric service is based on an appropriate system of fares that cover electricity company costs and generate a surplus to allow them to recover their assets. Therefore, the government additionally suggests the following:

a. Reorganization and improvement of the regional electrical system, Electroperu, Electrolima

b. Promotion of the rational use of energy resources for producing electricity, coal, geothermal, and forest biomass.

c. Promotion of renewable inexpensive energy sources for rural development.

d. Revision and adjustment of current legislation to allow the private sector to produce electricity.

4. The following measures for an emergency electrical program are established:

1. The schedules for electrical cuts will be announced ahead of time indicating dates, zones, and hours when the cuts start and end.

2. City lighting will be provided in Lima through the emergency electrical system in case of outage. Electrolima will be responsible for providing the electricity. This measure will be implemented as soon as possible.

Hydrocarbons

Oil production has declined from 188,500 barrels daily in 1985 to 130,400 barrels daily in 1989 and, over the same period, proven reserves have declined from 550 to 430 million barrels. This has forced our country to increase its imports of oil and oil byproducts from $13 million in 1985 to $215 million in 1989.

6. [as heard] Despite the favorable hydrocarbons entrapment conditions that the sedimentary basins of the northern jungle area and the continental shelf present, exploration and exploitation activities have decreased because of Petroperu's economic and financial limitations, artificially reduced fuel prices, and the absence of international credit lines. [passage omitted]

8. In view of this situation, we propose the following:

a. To streamline, reorganize, and strengthen Petroperu and its affiliate companies, giving them the required autonomy for them to conduct efficient operational, administrative, and financial activities.

b. To supply Petroperu with the financial resources required to increase exploration and exploitation of hydrocarbons in order to reduce crude oil imports and increase proven reserves. The areas that would be exploited through joint venture [preceding two words in English] contracts with national and foreign companies will be identified.

c. To promote and facilitate foreign and national private investments to immediately exploit the Camisea and Aguaitia gas deposits.

To invest in the exploration and exploitation of hydrocarbons.

To invest in activities related to the refining, transportation, and marketing of hydrocarbons and its byproducts.

And, lastly, to promote a plan to substitute and soundly use fuels, a plan that will allow the achievement of exportable balances in the short- and medium-terms.

Industrial Sector

1. The industrial sector is marked by a pronounced technological heterogeneity. Development of the industrial sector has been marked by an overly protectionist policy that has given speculative money-lending and inefficient characteristics to entrepreneurial conduct. [passage omitted]

2. The overall objectives of the industrial policy will be the following:

First, to create an internationally competitive industry that will gradually contribute more exports and efficiently substitute imports.

Second, to reorganize production and investment patterns, promoting efficient interrelations among various sectors.

Third, to favor and promote the growth of micro and small companies and the rural industrialization process.

3. The main components of the industrial development policy will include the following lines:

- To maintain a commercial and foreign-exchange policy that will promote competitiveness.

- To reduce, as soon as possible and gradually, the import tariffs, reducing their category and dispersion.

b. [as heard] To overcome structural disagreements and actively promote the interrelationship among the various entrepreneurial sectors, particularly between small- and medium-size companies and large companies by implementing subcontracts, businessmen's round tables, technical assistance, and information systems. [passage omitted]

Labor Sector

1. The fundamental objectives that will guide the labor and social promotion policies will be the following:

a. Priority support to social promotions;

b. Creation of new jobs; and

c. Support to entrepreneurial activities that will create jobs.

2. The new labor policy will concentrate on the social force, thus avoiding permanent interference by the state, which hinders the initiative of social groups. Basically, the Labor Ministry must interfere only to reestablish the necessary balance.

3. Until December 1990 or until hyperinflation is defeated, the purchasing power of the salaries of low-income workers will be preserved. The salaries of workers with better incomes, will be increased in accordance with national economic possibilities and the activity of enterprises. Within this framework, companies will be free to grant their employees increases higher than those established by the government.

4. Once the crisis is overcome, our policy will be to substantially improve the purchasing power of the salaries of formal sector workers. In the long-term, salary increases will be related to increased productivity and to workers' effectiveness and productivity.

Foreign Affairs

The main objectives of our foreign affairs policy are:

1. To contribute to the reinstatement of Peru into the international financial system and to hold negotiations that may result in the reduction of the foreign debt and the positive transfer of foreign resources to our country.

2. To intensify relations with neighboring countries, increase international credibility of our government, make border integration programs more dynamic, effectively implement these programs, and achieve a better economic complementation.

3. To emphasize efforts for Latin American integration and cooperation by highlighting agreements reached with the private sector, which is the main promoter of economic integration.

4. To promote international cooperation with the industrialized countries and nongovernmental entities to obtain funds and donations to combat critical poverty.

5. To implement a new policy aimed at the overall promotion of Peruvian foreign trade, thus establishing a more stable trade flow and opening new markets.

6. To develop a pragmatic policy in international organizations that will assign priority to social development programs, and to promote the required coordination with Latin American countries and with the nonaligned countries' group.

7. To permanently strengthen the antidrug trafficking and antiterrorism fights on the external front so as to make the fight on the domestic front more effective.

8. To reduce, for reasons of strict austerity, the personnel of certain embassies, consulates, and offices abroad, without affecting the effectiveness required for the defense and promotion of national interests. [passage omitted]

Fifth [as heard] Request for Special Powers

Mr. Chairman, Mr. Congressmen: We are reaching the end of our message. We have already described the dramatic situation being experienced in the country, the seriousness of the economic crisis, the government bankruptcy, our social deterioration, the widespread violence, the extent of drug trafficking activities, the rampant corruption, and our international isolation. All of these difficulties must be understood by the Peruvian people. We must count on their understanding regarding the corrective measures we must adopt to prevent a catastrophe. There is still time to correct our way, to lead the country to prosperity, to reassert democratic coexistence, and to face the future with hope. We are not defeatists, we are not discouraged. Very much the opposite. We believe that now is the time to act, to adopt the important decisions that the fatherland and future generations demand from us.

This is why I address the Peruvian congressmen and all of the political forces represented here, which were elected by the democratic will of the people, and call on all of you to assume your share of responsibility in this crucial moment. No personal interest can prevail over the highest national aspirations.

In accordance with the political guidelines already presented, we address the National Congress to request that, based on the terms of Article 188 of our Constitution, we be granted the power to legislate, for 180 days, on the following issues:

To revise, evaluate, modify, improve, or annul the laws derived from Law 25187 on the organization, powers, and functioning of the executive branch, ministries, federal organizations, public institutions, and state-owned companies in accordance with the government's decentralization objectives and the Basic Law on Regionalization and the Law on Creation of Regions.

In compliance with the same decentralization spirit, we will have to issue legislative decrees for the reorganization of the Economy and Finance Ministry and the Interior Ministry.

To consolidate the new governmental structure and to make transformation of the productive sector feasible, it is also indispensable to have legislative powers to adjust the general laws on foreign trade, mining, industry, fishing, electricity, and small companies. We need these powers to modify the agrarian code and to adjust the laws on the various administrative systems such as budget, social security, planning, the salaries to be paid to the public employees, and others.

We will soon submit to Congress the list of issues to be legislated. We want to start a broad national debate in which all parties, institutions, and citizens will take part. This is why we propose the establishment of a multiparty joint congressional committee to revise our proposal for legislative decrees and report on conclusions reached. This way, we ensure inescapable congressional control and the speed required by the difficult times we are living in.

We are sure that the congressmen will meditate on and broadly debate the projects we have already submitted to

them and those we will submit in the future. At the right moment, the congressmen will grant the government the tools required to overcome the crisis and establish the foundations of a new Peru.

Mr. Chairman: Before ending my message, I want to pay homage—on my behalf, on behalf of the cabinet I have the honor of presiding over, and on behalf of the executive branch—to the anniversary of the Chamber of Deputies.

Mr. Chairman: Peru has reached the moment when must face the truth. It is now time to admit our problems and start work on the project for national reconstruction that is being started by this administration and which must continue afterward. A serious economic, political, social, and moral crisis is eroding Peruvian society and threatening to destroy us. Our country is going through one of the worse moments of its history. What can we do in the face of these difficulties?

We must admit that to squarely meet this challenge is a huge task that calls for the joint efforts of the Peruvian people and the government. To meet this challenge, each and everyone of us will have to make special efforts. Only if there is a general consensus will we be able to overcome these difficulties. The challenge Peru will have to face is so huge that no political or social force will be able to successfully meet it on its own. This challenge requires not only our individual efforts, but the organized efforts of civilian, ecclesiastic, and military institutions.

Up to this moment, we have only implemented the preliminary measures to defeat the hyperinflation that has been eroding our salaries and our hopes for the future, and making us poorer and poorer. We must now implement the measures that will lead us to the construction of a fairer, more prosperous society.

Mr. Chairman, Mr. Congressmen: Our country, which is submerged in misery, is about to collapse. We must immediately wage a all out war against the collective pessimism that has been draining our energies.

It does not help us to be able to live in democracy if the country cannot overcome its poverty. I am fully convinced that now is the time to act generously, without egocentrism. The highest and holiest interests of the country must be a priority and must be above all ideological and political differences. Now is the moment to save the country. The next few months will require hard work and sacrifices. We must ask the people to have faith in our new destiny because we know that we are building a more prosperous future. In the near future, when we look back and remember how successfully we overcame the difficulties that now seem so overwhelming, we will realize—and make the entire world realize—how brave the spirit of the Peruvian people is. Thank you. [applause]

Public Employees Granted Special Bonus

PY2908141490 Lima Television Peruana in Spanish 1100 GMT 29 Aug 90

[Text] In preparing a single wage system for public employees, the goverment has granted a special cost of living bonus to public employees equivalent to 100 percent of their wages and not less than 10 million intis, plus a transportation bonus of 4 million intis. Through a supreme decree published in the official gazette yesterday, the government has also established that this bonus will not be included in the calculation of special or additional bonuses. For those public employees who work less than eight hours per day, the measure also establishes that the bonus will be in proportion to the hours worked.

Correction to Fujimori Addresses Nation

PY2808162090

PY2508144490, The following correction pertains to the item headlined "Fujimori Addresses Economic Situation, Policies" published in the 27 August Latin America DAILY REPORT, page 49:

Page 50, paragraph six, second sentence make read: ...private employees are enough. We intend... (deleting negative)

Venezuela

Energy Minister Comments on OPEC Decision

PA2908141390 Madrid EFE in Spanish 1106 GMT 29 Aug 90

[Text] Vienna, 29 Aug (EFE)—Venezuela will attend to the oil supply needs of the Third World countries, Venezuelan Energy and Mines Minister Celestino Armas stated here at a news conference today after OPEC authorized a production increase.

The minister said that OPEC has made a decision which was awaited worldwide, referring to the agreement approved here today by the vigilance committee of the organization authorizing a production increase as long as the Persian Gulf crisis prevails.

Armas said his country will immediately see to the oil supply needs of countries such as Brazil, Argentina, and India, which are most affected by the market instability over the past weeks.

The agreement reached by the OPEC countries responds to the fundamental objectives of the consortium to be an instrument of stability and to guarantee the oil supply, tne minister stated.

At the same time, it was a response of solidarity with the consumer countries, with which the OPEC acts as an organization of cooperation and not of confrontation, Armas added.

As for the countries that oppose the agreement—Iraq and Libya did not attend the meeting and Iran rejected the agreement—Armas recalled that OPEC is made up of sovereign states and that it has always respected its member countries' viewpoints.

Armas revealed that the Iraqi energy and mines minister had sent a message to the Vienna meeting stating that the vigilance committee has no authority to make sovereign decisions.

The Venezuelan minister asserted that Venezuela can immediately increase its oil production by 300,000 barrels daily and by another 200,000 barrels before the end of the year, as it had initially promised to do.

Armas said he is pleased with the success of the proposal presented by Venezuela and Saudi Arabia, and added that he trusts that the latter will quickly increase its production by 2 million barrels of oil per day as it promised to do.

Commander Fires 200 Police Officers in Carabobo

PA3008033490 Caracas Venezolana de Television Canal 8 Spanish 0000 GMT 25 Aug 90

[Text] The increase in the crime rate detected in Carabobo State over the past four months has forced the government to order an in-depth investigation of its police rank and file.

The investigation has proven that certain officials of varying rank have been involved in criminal activity. Therefore, following orders from Carabobo Governor Enrique Salas Rohmer, Carabobo State Police Commander Lieutenant Colonel Roberto Coutinho discharged all the commissioners, department and operations division chiefs, and other agents of that regional security corps.

Luis Segundo Perez has the details.

[Begin recording] [Perez] Approximately 200 policemen were discharged due to alleged irregularities and punishable actions carried out over the course of performing their duties. Five department chiefs and commanders of all Carabobo State detachments including Puerto Cabellos, San Joaquin, Mariara, and Jacura were also discharged for reasons that have not yet been clearly stated. However, as we said earlier, it is believed that it may be due to corruption in the state police.

[Coutinho] This is part of the purging. Most of the uniformed policemen have been discharged because, while going through personnel files, we found that some agents had criminal records and were wanted by the Judicial Technical Police. Therefore, they were discharged during the purging process because they have robbed the citizenry.

[Perez] The discharged agents were replaced by veteran agents trained in the Yaracuy and Maracay police commands. [end recording]

Rioting in Barcelona Injures Four; 40 Arrested

PA2908201090 Hamburg DPA in Spanish 1507 GMT 29 Aug 90

[Text] Caracas, 29 Aug (DPA)—The Venezuelan city of Barcelona, 300 km east of Caracas, began recovering today from yesterday's street protests, which resulted in four persons injured and 40 arrested when the police violently clamped down on demonstrators.

Communications with this industrial city in eastern Venezuela remained cut for six hours yesterday as its inhabitants took to the streets to protest increases in bus fares, a milk shortage, and inefficient public utility services.

The press reported in Caracas today that the National Guard and the police stepped in and used tear gas against the demonstrators when they began firing shots and throwing stones.

The demonstrators, who were protesting a 40-percent increase in transport fares, erected barricades during the six hours that Barcelona's communications with the rest of the country remained cut.

Over 200 trucks and hundreds of buses and automobiles were stranded in the city, which is near Puerto La Cruz, one of Venezuela's main tourist resorts.

The possibility of new outbreaks of popular protests against an increase in bus fares was left open a month ago when President Carlos Andres Perez' government decreed a gradual increase in gasoline prices.

However, according to the bus owners' own calculations, the gasoline price has a limited impact on their costs, the lion's share of which is represented by spare parts and tires.